

102nd Congress (1991-1992)

Veto Threats of Legislation in House of Representatives

H.R. 1 – Civil Rights and Women’s Equity in Employment Act of 1991 [June 3, 1991]

H.R. 2 – Family and Medical Leave Act of 1991 [October 24, 1991]

H.R. 2 – Family and Medical Leave Act of 1991 [November 13, 1991]

H.R. 5 – To amend the National Labor Relations Act and the Railway labor Act to prevent Discrimination Based on participation in Labor Disputes – “Striker Replacement Legislation” [July 15, 1991]

H.R. 5 – To amend the National Labor Relations Act and the Railway labor Act to prevent Discrimination Based on participation in Labor Disputes – “Striker Replacement Legislation” [July 16, 1991]

H.R. 6 - Financial Institutions Safety and Consumer Choice Act of 1991 [October 29, 1991]

H.R. 6 - Financial Institutions Safety and Consumer Choice Act of 1991 [October 31, 1991]

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H.J. Res. 263 – Disapproving the Extension of MFN to China [July 8, 1991]

H.R. 531 – Emerging Telecommunications Technologies Act [July 5, 1991]

H.R. 656 – High Performance Computing Act [July 9, 1991]

H.R. 932 – Aroostook Band of Micmacs Settlement Act [November 12, 1991]

H.R. 932 – Aroostook Band of Micmacs Settlement Act [October 28, 1991]

H.R. 1096 – Authorize Appropriations for the Bureau of Land Management [July 12, 1991]

H.R. 1175 – National Defense Supplemental Authorization for Fiscal Year 1991 [March 13, 1991]

H.R. 1175 – National Defense Supplemental Authorization for Fiscal Year 1991 [March 12, 1991]

H.R. 1236 – National Flood Insurance, Mitigation, and Erosion management Act of 1991 [April 30, 1991]

H.R. 1236 – National Flood Insurance, Mitigation, and Erosion management Act of 1991 [April 30, 1991]

H.R. 1426 – Lumbee Recognition Act [September 19, 1991]

H.R. 1470 – The Price-Fixing Prevention Act of 1991 [October 3, 1991]

H.R. 1989 – American Technology Preeminence Act of 1991 [July 9, 1991]

H.R. 1989 – American Technology Preeminence Act of 1991 [July 10, 1991]

H.R. 2100 – National Defense and Authorization Act for Fiscal Years 1992 and 1993 [May 16, 1991]

H.R. 2100 – National Defense and Authorization Act for Fiscal Years 1992 and 1993 [May 15, 1991]

H.R. 2130 – National Oceanic and Atmospheric Administration (NOAA) Authorization Act of 1991 [November 14, 1991]

H.R. 2130 – National Oceanic and Atmospheric Administration (NOAA) Authorization Act of 1991 [October 30, 1991]

H.R. 2212 – Additional Objectives Which China Must Meet to Receive MFN [July 8, 1991]

H.R. 2507 – National Institutes of Health Revitalization Amendments of 1991 [July 24, 1991]

H.R. 2508 – International Cooperation Act of 1991 [June 6, 1991]

H.R. 2519 – VA/HUD and Independent Agencies Appropriations Bill, FY 1992 [July 16, 1991] *

H.R. 2519 – VA/HUD and Independent Agencies Appropriations Bill, FY 1992 [June 5, 1991]

H.R. 2521 – Defense Appropriations Bill, FY 1992 [June 5, 1991]

H.R. 2521 – Defense Appropriations Bill, FY 1992 [June 6, 1991]

H.R. 2607 – Rail Safety Enforcement and Review Act of 1991 [September 20, 1991]

H.R. 2621 – Foreign Operations, Export financing, and Related Programs Appropriations Bill, FY 1992 [June 18, 1991]

H.R. 2686 – Interior and Related Agencies Appropriations Bill, FY 1992 [July 30, 1991]*

H.R. 2699 – District of Columbia Appropriations Bill, FY 1992 [July 18, 1991] *

H.R. 2699 – District of Columbia Appropriations Bill, FY 1992 [June 24, 1991]

H.R. 2707 – Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Bill, FY 1992 [July 23, 1991] *

H.R. 2707 – Labor, Health, and Human Services, Education, and Related Agencies Appropriations Bill, FY 1992 [June 25, 1991]

H.R. 2837 – Dairy Production Stabilization Act of 1991 (amendment in the Nature of a Substitute to H.R. 2837 as reported by the House Agriculture Committee) [November 8, 1991]

H.R. 2837 – Milk Inventory Management Act of 1991 [July 24, 1991]

H.R. 2893 – Agriculture Disaster Assistance Act of 1991 [July 22, 1991]

H.R. 2929 – California Desert Protection Act of 1991 [October 31, 1991]

H.R. 2950 – Intermodal Surface Transportation Infrastructure Act of 1991 [August 1, 1991]

H.R. 3040 - Unemployment Insurance Reform Act of 1991 [July 31, 1991]

H.R. 3040 - Unemployment Insurance Reform Act of 1991 [September 11, 1991]

H.R. 3040 – Unemployment Insurance Reform Act of 1991 [September 16, 1991]

H.R. 3489 – Omnibus Export Amendments Act of 1991 [October 25, 1991]

H.R. 3371 – Omnibus Crime Control Act of 1991 [October 10, 1991]

H.R. 3371 – Omnibus Crime Control Act of 1991 [October 11, 1991]

H.R. 3435 – Resolution Trust Corporation (RTC) Refinancing and Restructuring Act of 1991 [November 21, 1991]

H.R. 3543 – Dire Emergency Supplemental Appropriations and Transfers for Relief From the Effects of natural Disasters, For Other Urgent Needs, and For Incremental Costs of “operation Desert Shield/Desert Storm” Act of 1992 [October 23, 1991]

H.R. 3566 – Intermodal Surface Transportation Infrastructure Act of 1991 [October 22, 1991]

H.R. 3644 – Presidential Election Campaign Fund Primary Fairness Act [November 13, 1991]

H.R. 3645 – Tourism Policy and Export Promotion Act of 1991 [November 22, 1991]

H.R. 3750 – House of Representatives Campaign Spending Limit and Election Reform Act of 1991 [November 25, 1991]

H.R. 3750 – House of Representatives Campaign Spending Limit and Election Reform Act of 1991 [November 23, 1991]

H.R. 11 – Revenue Act of 1992 [June 30, 1992]

H.R. 11 – Revenue Act of 1992 [July 31, 1992] *

H.J.Res. 454 – Assassination Materials Disclosure Act of 1992 [August 11, 1992]

H.J.Res. 502 – Disapproving the Extension of MFN to China [July 9, 1992]

H.R. 776 – Comprehensive National Energy Policy Act [May 19, 1992]

H.R. 776 – Comprehensive National Energy Policy Act [May 20, 1992]

H.R. 776 – Comprehensive National Energy Policy Act [July 23, 1992]

H.R. 918 – Mineral Exploration and Development Act of 1992 [September 17, 1992]

H.R. 1168 – Miscellaneous Tax Measures [July 27, 1992]

H.R. 1206 – Pueblo of Isleta Indian Tribe Claims Act [July 30, 1992]

H.R. 1426 – Lumbee Recognition Act [February 20, 1992]

H.R. 1604 – National Cooperative Production Amendments of 1991 [September 28, 1992]

H.R. 1637 – Black Lung Benefits Restoration Act [September 24, 1992]

H.R. 2039 – Legal Services Reauthorization Act of 1992 [May 6, 1992]

[H.R. 2056](#) – Shipbuilding Trade Reform Act of 1991 [May 12, 1992]

[H.R. 2056](#) – Shipbuilding Trade Reform Act of 1991 [April 28, 1992]

[H.R. 2507](#) – National Institutes of Health Reauthorization Act [May 19, 1992]

[H.R. 2507](#) – National Institutes of Health Reauthorization Act [March 31, 1992]

[H.R. 2637](#) – Waste Isolation Pilot Plant Land Withdrawal Act [June 17, 1992]

[H.R. 2637](#) – Waste Isolation Pilot Plant Land Withdrawal Act [June 23, 1992]

[H.R. 2731](#) – Law Enforcement and Customs Tort Claims [August 3, 1992]

[H.R. 2735](#) – Miscellaneous Revenue Act of 1992 [July 21, 1992]

[H.R. 2782](#) – ERISA Preemption of State Laws [August 4, 1992]

[H.R. 3090](#) – Family Planning Amendments Act of 1992 [April 29, 1992]

[H.R. 3281](#) – National Air and Space Museum Expansion Site Selection Act of 1992 [September 29, 1992]

[H.R. 3553](#) – Higher Education Act Amendments [March 25, 1992]

[H.R. 3553](#) – Higher Education Act Amendments [March 19, 1992]

[H.R. 3603](#) – Family Preservation Act of 1992 [August 5, 1992]

[H.R. 3603](#) – Family Preservation Act of 1992 [August 6, 1992]

[H.R. 3681](#) – Democracy Day [May 8, 1992]

[H.R. 3732](#) – Budget Process Reform Act [March 12, 1992]

[H.R. 3732](#) – Budget Process Reform Act [February 27, 1992]

[H.R. 3844](#) – Haitian Refugee Protection Act of 1992 [February 26, 1992]

[H.R. 3844](#) – Haitian Refugee Protection Act of 1992 [February 21, 1992]

[H.R. 4014](#) – Educational Research, Development, and Dissemination Excellence Act [September 22, 1992]

H.R. 4209 – Cherokee, Choctaw, and Chickasaw Nations of Oklahoma Claims Act of 1992 [July 30, 1992]

H.R. 4210 – Economic Growth Acceleration Act of 1992 [February 26, 1992]

H.R. 4210 – Economic Growth Acceleration Act of 1992 [February 25, 1992]

H.R. 4210 – Tax Fairness and Economic Growth Act of 1992 [March 10, 1992]

H.R. 4318 – Miscellaneous Tariff Act of 1992 [July 30, 1992]

H.R. 4318 – Miscellaneous Tariff Act of 1992 [July 28, 1992]

H.R. 4323 – Neighborhood Schools Improvement Act [August 11, 1992]

H.R. 4323 – Neighborhood Schools Improvement Act [August 11, 1992]

H.R. 4850 – Cable Television Consumer Protection and Competition Act of 1992 [July 22, 1992]

H.R. 4850 – Cable Television Consumer Protection and Competition Act of 1992 [July 23, 1992]

H.R. 5006 – National Defense Authorization Act for Fiscal Year 1993 [June 2, 1992]

H.R. 5099 – Central Valley Project Reform Act [June 15, 1992]

H.R. 5099 – Central Valley Project Reform Act [June 17, 1992]

H.R. 5100 – Trade Expansion Act of 1992 [July 7, 1992]

H.R. 5132 – Dire Emergency Supplemental Appropriation for Disaster Assistance, FY 1992 [May 20, 1992] Senate

H.R. 5132 – Dire Emergency Supplemental Appropriation for Disaster Assistance, FY 1992 [May 14, 1992] Senate

H.R. 5132 – Dire Emergency Supplemental Appropriation for Disaster Assistance, FY 1992 [May 14, 1992]

H.R. 5132 – Dire Emergency Supplemental Appropriation for Disaster Assistance, FY 1992 [June 9, 1992]

H.R. 5231 – National Competitiveness Act of 1992 [September 15, 1992]

H.R. 5231 – National Competitiveness Act of 1992 [September 9, 1992]

H.R. 5236 – Voting Rights Extension Act of 1992 [July 22, 1992]

H.R. 5237 – Rural Electrification Administration (REA) Improvement Act [July 23, 1992]

H.R. 5260 – Unemployment Compensation Amendments of 1992 [June 4, 1992]

H.R. 5260 – Unemployment Compensation Amendments of 1992 [June 5, 1992]

H.R. 5318 – United States-China Act of 1992 [July 9, 1992]

H.R. 5318 – United States-China Act of 1992 [August 5, 1992]

H.R. 5334 – Housing and Community Development Act of 1992 [August 4, 1992]

H.R. 5368 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1993 [June 24, 1992]

H.R. 5368 – Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1993 [June 24, 1992]

H.R. 5373 - Energy and Water Development Appropriations Bill, FY 1993 [June 16, 1992]

H.R. 5373 – Energy and Water Development Appropriations Bill, FY 1993 [June 17, 1992]

H.R. 5373 – Energy and Water Development Appropriations Bill, FY 1993 [July 31, 1992] *

H.R. 5373 – Energy and Water Development Appropriations Bill, FY 1993 [July 31, 1992] *

H.R. 5377 – Cash Management Improvement Act Amendments of 1992 [July 17, 1992]

H.R. 5429 – Social Security Administration Independence Act [June 29, 1992]

H.R. 5488 - Treasury, Postal Service and General Government Appropriations Bill, FY 1993 [June 29, 1992]

H.R. 5488 – Treasury, Postal Service and General Government Appropriations Bill, FY 1993 [June 30, 1992]

H.R. 5488 - Treasury, Postal Service and General Government Appropriations Bill, FY 1993 [September 9, 1992] Senate

H.R. 5503 – Department of the Interior and Related Agencies Appropriations Bill, FY 1993 [June 30, 1992]

H.R. 5503 – Department of the Interior and Related Agencies Appropriations Bill, FY 1993 [July 1, 1992]

H.R. 5503 – Department of the Interior and Related Agencies Appropriations Bill, FY 1993 [August 3, 1992] Senate

H.R. 5504 – Department of Defense Appropriations bill, FY 1993 [July 2, 1992]

H.R. 5504 – Department of Defense Appropriations bill, FY 1993 [September 21, 1992] Senate

H.R. 5517 – District of Columbia Appropriations Bill, FY 1993 [July 1, 1992]

H.R. 5517 – District of Columbia Appropriations Bill, FY 1993 [July 7, 1992]

H.R. 5517 – District of Columbia Appropriations Bill, FY 1993 [July 27, 1992] *

H.R. 5518 – Transportation and Related Agencies Appropriations Bill, FY 1993 [July 8, 1992]

H.R. 5518 – Transportation and Related Agencies Appropriations Bill, FY 1993 [July 9, 1992]

H.R. 5518 – Transportation and Related Agencies Appropriations Bill, FY 1993 [August 4, 1992] *

H.R. 5620 – Supplemental Appropriations, Transfers, and Rescissions Bill, FY 1992 [July 24, 1992]

H.R. 5620 – Supplemental Appropriations, Transfers, and Rescissions Bill, FY 1992 [July 22, 1992]

H.R. 5678 – Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1993 [July 28, 1992]

H.R. 5678 – Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1993 [July 30, 1992]

H.R. 5679 – Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993 [July 28, 1992]

H.R. 5679 – Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993 [July 29, 1992]

H.R. 5679 – Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993 [September 4, 1992] *

H.R. 5754 – Water Resources Development Act of 1992 [August 10, 1992]

H.R. 5754 – Water Resources Development Act of 1992 [September 17, 1992]

Veto Threats of Legislation in Senate

S. 3 – Senate Election Ethics Act of 1991 [May 16, 1991]

S. 5 – Family and Medical Leave Act of 1991 [September 30, 1991]

S.J. Res. 44 – Suspending Certain Provisions of Law Pursuant to Section 258(a)(2) of the Balance Budget and Emergency Deficit Control Act of 1985 [January 31, 1991]

S. 45 – Jena Band of Choctaw Recognition Act [July 30, 1991]

S.J. Res. 137 – Suspending Certain Provisions of Law Pursuant to Section 258(a)(2) of the Balance Budget and Emergency Deficit Control Act of 1985 [May 7, 1991]

S.J. Res. 153 – Resolution of Disapproval of the President’s Decision to Extend MFN to China [July 11, 1991]

S. 173 – Telecommunications Research and Manufacturing Competition Act of 1991 [June 3, 1991]

S.J. Res. 186 – Suspending Certain Provisions of Law Pursuant to Section 258(a)(2) of the Balance Budget and Emergency Deficit Control Act of 1985 [September 12, 1991]

S. 243 – Older Americans Act Reauthorization Amendments of 1991 [November 12, 1991]

S. 248 – Niobrara Scenic River Designation Act of 1991 [May 8, 1991] *

S. 248 – Niobrara Scenic River Designation Act of 1991 [March 18, 1991]

S. 323 – Title X Pregnancy counseling Act of 1991 [July 16, 1991]

S. 347 – Defense Production Act Amendments of 1991 [February 21, 1991]

S. 362 – Mowa Band of Choctaw Indians Recognition Act [July 30, 1991]

- S. 374** – Aroostook Band of Micmacs Settlement Act [July 30, 1991]
- S. 429** – The Consumer Protection Against Price-Fixing Act of 1991 [May 1, 1991]
- S. 543** – Comprehensive Deposit Insurance Reform and Taxpayer Protection Act of 1991 [November 13, 1991]
- S. 680** – Tourism Policy and Export Promotion Act of 1991 [October 4, 1991]
- S. 1036** – Lumbee Recognition Act [November 21, 1991]
- S.1204** – Surface Transportation Efficiency Act of 1991 [June 11, 1991]
- S. 1220** – National Energy Security Act of 1991 [October 31, 1991]
- S. 1241** – Comprehensive Violent Crime Control Act of 1991 [June 19, 1991]
- S. 1367** – United States-China Act of 1991 [July 11, 1991]
- S. 1405** – National Oceanic and Atmospheric Administration (NOAA) Authorization Act of 1991 [November 23, 1991]
- S. 1435** – International Security and Economic Cooperation Act of 1991 [July 24, 1991]
- S. 1539** – Intelligence Authorization Act, Fiscal Year 1992 [October 16, 1991]
- S. 1745** – Civil Rights Act of 1991 [October 23, 1991]
- S. 2** – Neighborhood Schools Improvement Act [January 21, 1992]
- S. 12** – Cable Television Consumer Protection Act of 1991 [January 27, 1992]
- S. 55** – Workplace Fairness Act “Striker Replacement Legislation” [June 5, 1992]
- S. 250** – National Voter Registration Act of 1991 [June 10, 1992]
- S. 250** – National Voter Registration Act of 1991 [June 15, 1992] *
- S. 362** – Mowa Band of Choctaw Indians Recognition Act [September 21, 1992]
- S. 479** – National Cooperative Research Extension Act of 1991 [February 26, 1992]
- S. 1150** – Higher Education Act Amendments [February 20, 1992]
- S. 2041** – Petroleum Marketing Competition Enhancement Act [September 25, 1992]

- S. 2047** – Establishing a Commission to Commemorate the Bicentennial of the Establishment of the Democratic Party of the United States [March 16, 1992] *
- S. 2342** – Mississippi Sioux Indian Judgment Fund Act Amendment [March 25, 1992]
- S. 2399** – Appropriations Category Reform Act of 1992 [March 25, 1992]
- S. 2403** – Rescission Bill, FY 1992 [May 5, 1992]
- S. 2733** – Federal Housing Enterprises Regulatory Reform Act of 1992 [June 17, 1992]
- S. 2734** – Water Resources Development Act of 1992 [July 9, 1992]
- S. 2833** – Crow Settlement Act [September 8, 1992]
- S. 3026** – Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, FY 1993 [July 27, 1992]
- S. 3095** – Jena Band of Choctaws of Louisiana Restoration Act [September 18, 1992]
- S. 3114** – National Defense Authorization Act for Fiscal Year 1993 [August 7, 1992]
- S. 3131** – Independent Counsel Reauthorization Act of 1992 [September 25, 1992]
- S. 3144** – Military Health Care Initiatives Act of 1992 [October 2, 1992] *

* Indicates the President's message to one chamber refers to legislation from the other.



June 3, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1 - Civil Rights and Women's Equity
in Employment Act of 1991
(Brooks (D) Texas and 169 others)

If H.R. 1 were presented to the President in the form reported by the House Education and Labor Committee or in the form of the Brooks-Fish substitute or the Towns-Schroeder substitute, the President's senior advisers would recommend a veto. The Administration strongly supports enactment of the Michel substitute.

H.R. 1

The President vetoed a very similar bill last year because it did not meet the criteria he announced on May 17, 1990.

Civil rights legislation must operate to obliterate consideration of factors such as race, color, religion, sex, or national origin from employment decisions. But H.R. 1 is a quota bill in at least three respects. The disparate impact sections as drafted would virtually force employers to adopt quotas and unfair preferences. Unless an employer's bottom-line numbers are "correct," he or she will almost certainly face lawsuits in which a successful defense will be virtually impossible. If a suit is brought and a sweetheart deal is struck at the expense of innocent third parties, the Wilks section would then insulate unlawful quotas from challenge in court. And the Zipes section will subject plaintiffs unsuccessfully challenging quota settlements to attorney fees, even where their challenge was not frivolous and was brought in good faith.

By making it virtually impossible for an employer to prevail, the disparate impact sections also violate another principle stated by the President: any bill must reflect the fundamental principles of fairness that apply throughout our legal system. In addition, the Wilks section would encourage the settlement of certain cases at the expense of innocent non-parties; close the courts to many individuals whose civil rights have been violated; and insulate consent decrees that impose quotas from appropriate judicial review. Similarly, one provision would explicitly shield affirmative action, court-ordered remedies, and conciliation agreements from the neutral application of the bill's other provisions.

A civil rights bill should deter workplace harassment, but it must do so in a manner that is reasonable and does not produce a

windfall for lawyers. The damages section would provide for jury trials and the award of unlimited compensatory and punitive damages in all Title VII disparate treatment cases. This would radically transform the employment provisions of the Civil Rights Act by undermining its carefully balanced system of mediation and conciliation. This time-tested system would be scrapped and replaced with a new system modeled on our Nation's tort litigation -- which is now widely recognized to be in crisis.

The Administration believes that the protections of Title VII should be extended to employees of Congress in a meaningful way, which necessarily includes redress in the courts. It is fundamentally unfair to allow an employer to be the judge of its own case.

Other objectionable provisions include: ill-advised rules on attorney's fees; an unclear provision affecting "mixed motive" discrimination cases; unconstitutional retroactivity provisions; unreasonable new statutes of limitations; and an improper rule of construction.

The Brooks-Fish Substitute

The Brooks-Fish substitute fails to address concerns expressed by the President in vetoing similar legislation in the last Congress. The language in the amendment purporting to prohibit quotas would endorse racial preferences, not eliminate them. The substitute expressly permits plans that use racial preferences as long as the plans are labelled "voluntary." In addition, the proposed definition of business necessity would impose an onerous burden on employers. It would add the requirement that the relationship between the employment practice and the requirements for job performance be "significant" as well as manifest. Moreover, the substitute creates unlimited compensatory damages in cases of intentional discrimination and creates only a partial cap on punitive damages. Other amendments amount to only cosmetic changes which fall far short of rendering the substitute acceptable.

The Administration's concerns with the substitute were set forth in detail by the Attorney General in a May 31 report to Representative Michel.

The Administration's Proposal/Michel Substitute

The Administration's proposal (the Michel substitute) would strengthen our Nation's civil rights laws without institutionalizing reverse discrimination or subjecting American businesses and the victims of discrimination alike to endless and costly litigation. Like H.R. 1, the Administration's proposal would overturn the Lorance and Patterson decisions, and would place on the employer the burden of proving the business

necessity (as defined by past Supreme Court decisions) of an employment practice that has a disparate impact on a class of workers. The Administration's proposal also makes available new monetary remedies, with a \$150,000 cap, for victims of harassment in the workplace. In sum, the Administration's bill achieves every legitimate end of H.R. 1. These important new protections for American employers should not be held hostage for measures that will produce quotas, disproportionately disadvantage small and medium-sized businesses, and unduly enrich the plaintiffs' bar.

The Towns-Schroeder Substitute

The Towns-Schroeder substitute is similar in many respects to the Brooks-Fish substitute, but is even more objectionable. In particular, it would promote expensive and prolonged litigation by allowing unlimited awards of both compensatory and punitive damages in cases of intentional discrimination. In addition, its prohibition of consideration of gender in all contracts would bar, for instance, private and parochial single-sex schools.

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October 24, 1991 (SENT 10/25/91)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2 - Family and Medical Leave Act of 1991 (Clay (D) MO and 180 others)

The Administration's position on mandated family and medical leave remains unchanged since the President's veto of H.R. 770 on June 29, 1990. Accordingly, if H.R. 2 or any similar legislation were presented to the President, his senior advisers would recommend a veto.

The Administration supports and encourages family and medical leave policies designed to meet the specific needs of individual companies and their employees. The Administration believes, however, that this objective can best be achieved voluntarily through employee-employer negotiations or the normal collective bargaining process between management and labor, not by the Federal Government mandating employee benefits.

Mandated family and medical leave legislation would:

- Reduce the flexibility necessary to meet the needs of a changing workforce and undermine the current trend toward flexible benefit policies.
- Encourage employers to reduce overall employee benefits by limiting voluntary benefits in order to afford new, mandatory family and medical leave benefits.
- Impose the costs of leave on employers regardless of their ability to absorb such costs, thus reducing their productivity and U.S. competitiveness. The impact on small business would be onerous.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 13, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2 - Family and Medical Leave Act of 1991
(Clay (D) MO and 180 others)

The Administration's position on mandated family and medical leave remains unchanged since the President's veto of H.R. 770 on June 29, 1990. Accordingly, if H.R. 2 or any similar legislation, including the amendment that will be offered by Congressmen Gordon and Hyde, were presented to the President, his senior advisers would recommend a veto.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

July 15, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5 - To amend the National Labor Relations Act and the
Railway Labor Act to Prevent Discrimination Based On
Participation in Labor Disputes --
"Striker Replacement Legislation"
(Clay (D) MO and 210 others)

The Administration strongly opposes H.R. 5. If it were presented to the President, his senior advisers would recommend a veto.

H.R. 5 would prohibit employers from offering permanent jobs to replacement workers during labor disputes over economic demands, thus reversing over fifty years of experience in labor law. Evidence suggests that our Nation's labor laws and policies have been effective in reducing labor strife and encouraging voluntary dispute settlement. H.R. 5 would destroy a prime component of the economic balance between labor and management in collective bargaining. By destroying this balance, H.R. 5 would remove an important incentive for both parties to negotiate and compromise. It would promote labor unrest, disrupt the flow of commerce, create a hardship for small and struggling businesses, and expose our economy to the anti-competitive effects of inflationary collective bargaining agreements.

The language in H.R. 5 that purports to remove non-union employees from coverage of the bill does not change the major thrust of the legislation, and thus does not diminish the Administration's policy objections to the bill. It would establish an unacceptable double standard for union and non-union workers. Moreover, it would not diminish the adverse economic impact of H.R. 5 on non-union suppliers and customers of unionized businesses. Further, the "union-only" provisions could be interpreted to prohibit non-union employers from using permanent replacement employees to continue their operations in the face of recognitional picketing by union supporters.

We understand that amendments may be offered to H.R. 5 to place a time-specific "moratorium" barring employers from offering permanent employment to replacement workers during an economic strike. This approach also would represent ill-advised economic policy for this Nation. Like a total ban, a moratorium would upset the current economic balance in the collective bargaining system and increase labor unrest. A moratorium would almost guarantee that, unless an employer surrendered to a union's economic demands, the strike would last at least the length of the moratorium.



July 16, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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H.R. 5 - To amend the National Labor Relations Act and the
Railway Labor Act to Prevent Discrimination Based On
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The language in H.R. 5 that purports to remove non-union employees from coverage of the bill does not change the major thrust of the legislation, and thus does not diminish the Administration's policy objections to the bill. It would establish an unacceptable double standard for union and non-union workers. Moreover, it would not diminish the adverse economic impact of H.R. 5 on non-union suppliers and customers of unionized businesses. Further, the "union-only" provisions could be interpreted to prohibit non-union employers from using permanent replacement employees to continue their operations in the face of recognition picketing by union supporters.

The amendment offered by Mr. Peterson of Florida purports to limit the ban on permanent replacements to labor disputes involving recognized or certified unions, and it also contains a complicated moratorium provision protecting recognition strikes in union organizing campaigns. The union-only provision of the amendment, while somewhat different than the limitation currently in the bill, has essentially the same flaws. The moratorium clause would make an inadvisable change in current law by enabling non-unionized employees, under certain circumstances, to avoid permanent replacement risks until the National Labor Relations Board has completed the representation proceeding. The likely result of such a moratorium will simply be to force

employers needing workers with hard to find skills, and small or marginal firms that cannot withstand a production shutdown, to surrender their legal right to test the majority support of the union through a secret ballot election. In short, the choice will be between voluntarily recognizing the union or permanently closing their doors.

The Administration is also opposed to the alternative amendment that has as its principal provision an eight week moratorium barring employers from offering permanent employment to replacement workers during the first eight weeks of an "economic strike." This approach also would represent ill-advised economic policy for this Nation. Like a total ban, a moratorium would upset the current economic balance in the collective bargaining system and increase labor unrest. A moratorium would almost guarantee that, unless an employer surrendered to a union's economic demands, the strike would last at least the length of the moratorium.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 29, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 6 - Financial Institutions Safety
and Consumer Choice Act of 1991
(Gonzalez (D) Texas)

The Administration strongly supports H.R. 6 as reported by the Committee on Banking, Finance and Urban Affairs, and with the amendments described below. However, if the Energy and Commerce Committee amendment or a similar amendment to Title IV is adopted, or the interstate branching provisions are substantially weakened, the President's senior advisers would recommend a veto.

H.R. 6, as reported by the Banking Committee, is comprehensive legislation designed to create a safer, more competitive banking system. H.R. 6 recapitalizes the bank deposit insurance fund, sets clear standards for prompt corrective action by regulators to resolve troubled banks, and permits banks to reduce risk by diversifying their activities across more product lines and more geographic areas. It also greatly enhances the franchise value of banks and greatly expands the ability of banks to attract voluntary private capital into the industry, thereby increasing the capacity of banks to absorb losses ahead of the taxpayer. The Administration strongly supports all of these efforts, though certain modifications would make H.R. 6 even more effective in strengthening the banking system and reducing taxpayer risk.

Four other House Committees -- Energy and Commerce, Ways and Means, Judiciary, and Agriculture -- have considered H.R. 6 and recommended amendments to the Banking Committee's bill. The Administration supports the Ways and Means amendment and parts of the Agriculture amendment. The Administration is concerned, however, that the Judiciary Committee's amendment to the bill's anti-tying provisions is unnecessary and could result in overly restrictive regulation of commercial practices.

The Energy and Commerce Committee has recommended a substitute to Title IV, the provisions that would otherwise increase the value of a bank franchise and attract private capital into the industry to absorb losses ahead of the taxpayer. (A slightly modified version is likely to be substituted for the Energy and Commerce Committee amendment for Rules Committee consideration, but there are no significant differences between the two versions.) As set forth below, the Administration strongly opposes both the Energy and Commerce substitute and the slightly modified compromise substitute as anticompetitive amendments that will weaken the

banking system, impede the economic recovery, and increase taxpayer exposure to deposit insurance fund losses.

Amendments Supported by the Administration

While the Administration strongly supports H.R. 6 as reported by the House Banking Committee, the following modifications would substantially strengthen the bill:

- Limiting deposit insurance coverage for individuals to \$100,000 per person per bank, with a separate \$100,000 in coverage for retirement accounts. This will reduce taxpayer exposure by limiting protection to average depositors.
- Providing limited flexibility in the "firewall" provisions that will allow regulators to make technical adjustments to promote safety, soundness, and competitiveness.
- Providing greater flexibility for bank regulators to avoid the premature shutdown of a weak bank that has clear prospects for recovery.
- Eliminating provisions described below that increase the deficit for "pay-as-you-go" purposes by more than \$1 billion over four years.
- Eliminating the provision that deems the President to have designated the emergency loan guarantee for Rhode Island as an "emergency requirement." This provision violates last year's budget agreement.
- Providing flexibility for regulators, in consultation with the Administration, to protect against systemic risk in the banking system, with costs borne by the banking industry.
- Eliminating provisions that reduce the regulatory authority of the Office of the Comptroller of the Currency, e.g., enforcement and the resolution of troubled but insolvent institutions.

Opposition to Energy and Commerce Amendment

The Administration strongly opposes the Energy and Commerce Committee amendment or the slightly modified compromise amendment that is likely to be offered as a substitute to Title IV. For the following reasons, these substitutes will make banks weaker

and less likely to provide credit in good times and bad; hamstringing the ability of U.S. banks to compete with Japanese and European competitors; and increase the likelihood that taxpayers will pay for bank losses:

- The amendment prohibits diversified companies from owning banks, which will stop new capital from voluntarily flowing into banks to absorb losses ahead of the taxpayer. Commercial firms should at least be able to purchase failing banks where taxpayer savings are immediate and substantial.
- The amendment imposes unworkable "firewalls" unrelated to safety and soundness, which penalize banks to protect securities firms from competition.
- The amendment requires the Securities and Exchange Commission to regulate the same firewalls as the Federal Reserve. This would undermine functional regulation and lead to regulatory gridlock, confusion, and increased costs.
- The amendment takes away riskless and profitable insurance activities of banks, even where permitted by State law.

If the Energy and Commerce amendment or the slightly modified compromise amendment is adopted, the Administration would strongly support a motion to strike Title IV from the legislation. Current law is far more likely to keep banks stronger, safer, and more competitive.

Other Amendments Opposed by the Administration

The Administration also strongly opposes all of the following amendments:

- Amendments to strike or weaken the interstate branching provisions, especially one that would (1) prohibit interstate branching unless each State "opted in" by statute and (2) subject national banks to State banking laws for the first time. Such changes would be worse than preserving current law.
- An amendment to expand the Community Reinvestment Act to impose onerous new requirements that would impede interstate branching and new financial activities for banks.

- A "core bank" amendment with overly stringent lending limitations to one borrower and a form of interest rate controls because it could choke off credit to the economy.
- An amendment that requires deposit insurance losses not paid for by the industry to be funded in a deficit neutral manner. This amendment violates last year's budget agreement, which recognized that currently outstanding deposit insurance liabilities should not be subject to pay-as-you-go requirements.
- The Agriculture Committee amendment that requires an interstate branch to make a fixed amount of loans in rural areas or risk branch closure. This Government allocation of credit would discourage banks from opening branches in distressed rural areas that need credit.
- An amendment that requires the Federal Deposit Insurance Corporation to begin a new housing subsidy program funded by banks. This expense would be shifted to taxpayers because it would require a pay-as-you-go offset.
- Amendments that stop banks by statute from making specific kinds of business loans involving highly leveraged transactions, or that stop securities affiliates from underwriting or dealing in high yield bonds.

Scoring for Purposes of Pay-As-You-Go

H.R. 6 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). A budget point of order applies in both the House and the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 6, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 6 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO 1/
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-95</u>
OUTLAYS:					
Rhode Island Loan Guarantee	+70	--	--	--	+70
RECEIPTS:					
Credit for Distressed Communities Lending and Deposit Gathering	--	-266	-319	-358	-943
Lifeline banking	--	-7	-9	-11	-27
NET DEFICIT INCREASE (+) OR DECREASE (-)	+70	+273	+328	+369	+1,040

1/ The bill's "too big to fail" provisions would decrease outlays, but it is not possible to estimate the size of the decrease. Similarly, estimates of the pay-as-you go impact of the bill's provisions on passed through insurance are not available at this time.

The above estimate does not take into account anticipated floor amendments.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 31, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 6 - Financial Institutions Safety
and Consumer Choice Act of 1991
(Gonzalez (D) Texas)

The Administration strongly supports H.R. 6, as reported by the Committee on Banking, Finance and Urban Affairs, and with the amendments described below. However, if Title IV is adopted in the form of the October 30, 1991, Committee Print, or the interstate branching provisions are substantially weakened, the President's senior advisers will recommend a veto.

H.R. 6, as reported by the Banking Committee, is comprehensive legislation designed to create a safer, more competitive banking system. H.R. 6 recapitalizes the bank deposit insurance fund, sets clear standards for prompt corrective action by regulators to resolve troubled banks, and permits banks to reduce risk by diversifying their activities across more product lines and more geographic areas. It also greatly enhances the franchise value of banks and greatly expands the ability of banks to attract voluntary private capital into the industry, thereby increasing the capacity of banks to absorb losses instead of the taxpayer. The Administration strongly supports all of these efforts, though certain modifications would make H.R. 6 even more effective in strengthening the banking system and reducing taxpayer risk.

Four other House Committees -- Energy and Commerce, Ways and Means, Judiciary, and Agriculture -- have considered H.R. 6 and recommended amendments to the Banking Committee's bill. The Administration supports the Ways and Means amendment and parts of the Agriculture amendment. The Administration is concerned, however, that the Judiciary Committee's amendment to the bill's anti-tying provisions is unnecessary and could result in overly restrictive regulation of commercial practices.

The Administration strongly opposes the version of Title IV contained in the October 30, 1991, committee print, which is similar to the amendment adopted by the Energy and Commerce Committee. This version of Title IV would weaken the banking system, impede the economic recovery, and increase taxpayer exposure to deposit insurance fund losses.

Amendments Supported by the Administration

While the Administration strongly supports H.R. 6 as reported by the House Banking Committee, the following modifications would substantially strengthen the bill:

- Limiting deposit insurance coverage for individuals to \$100,000 per person per bank, with a separate \$100,000 in coverage for retirement accounts. This will reduce taxpayer exposure by limiting protection to average depositors. The Administration supports the Wylie/Gonzalez/Kleczyka amendment on this subject.
- Providing greater flexibility for bank regulators to avoid the premature shutdown of a weak bank that has clear prospects for recovery. The Administration supports the LaFalce amendment that would provide such flexibility.
- Eliminating provisions described below that increase the deficit for "pay-as-you-go" purposes by more than \$1 billion over four years. The Administration supports the Gradison amendment to eliminate two of these provisions.
- Eliminating the provision that deems the President to have designated the emergency loan guarantee for Rhode Island as an "emergency requirement." This provision violates last year's budget agreement. The Reed amendment cures this problem, but would still increase the deficit for pay-as-you-go purposes and is therefore objectionable.
- Providing limited flexibility in the "firewall" provisions that will allow regulators to make technical adjustments to promote safety, soundness, and competitiveness.
- Providing flexibility for regulators, in consultation with the Administration, to protect against systemic risk in the banking system, with costs borne by the banking industry.
- Eliminating provisions that reduce the regulatory authority of the Office of the Comptroller of the Currency in certain areas (e.g., enforcement and the resolution of troubled but insolvent institutions).

The Administration will continue to work with the House and the Senate to make these improvements.

Opposition to Title IV

The Administration strongly opposes the October 30th version of Title IV. For the following reasons, it will make banks weaker and less likely to provide credit in good times and bad; hamstringing the ability of U.S. banks to compete with Japanese and European competitors; and increase the likelihood that taxpayers will pay for bank losses:

- It prohibits diversified companies from owning banks, which will stop new capital from voluntarily flowing into banks to absorb losses instead of the taxpayer. Commercial firms should at least be able to purchase failing banks where taxpayer savings are immediate and substantial. The Administration strongly supports the Rinaldo amendment that would allow such purchases.
- It imposes unworkable "firewalls" unrelated to safety and soundness, which penalize banks to protect securities firms from competition.
- It requires the Securities and Exchange Commission to regulate the same firewalls as the Federal Reserve. This would undermine functional regulation and lead to regulatory gridlock, confusion, and increased costs.
- It takes away riskless and profitable insurance activities of banks, even where permitted by State law.

The Administration strongly supports the Barnard/Hoagland amendment to strike Title IV from the legislation. Current law is far more likely to keep banks stronger, safer, and more competitive.

Other Amendments Opposed by the Administration

The Administration also strongly opposes all of the following amendments:

- The Richardson amendment, which would (1) prohibit interstate branching unless each State "opted in" by statute; (2) allow States to discriminate against interstate branches; and (3) subject national banks to State banking laws for the first time. Such changes would be worse than preserving current law. The Administration supports the Vento "opt out" amendment,

which preserves the benefits of interstate branching and protects States' rights.

- The Kennedy amendment to expand the Community Reinvestment Act. This amendment would impose onerous new requirements that would impede interstate branching and new financial activities for banks.
- The Leach amendment, which would establish onerous new capital requirements on banks that become safer through interstate branching.
- The Schumer "core bank" amendment, which contains overly stringent lending limitations to one borrower and a form of interest rate controls, because it could choke off credit to the economy.
- The Agriculture Committee amendment that requires an interstate branch to make a fixed amount of loans in rural areas or risk branch closure. This Government allocation of credit would discourage banks from opening branches in distressed rural areas that need credit.
- The Frank amendment that requires the Federal Deposit Insurance Corporation to begin a new housing subsidy program funded by banks. This expense would be shifted to taxpayers because it would require a pay-as-you-go offset.
- The Dorgan amendment that would stop banks by statute from making specific kinds of business loans involving highly leveraged transactions.
- The Towns amendment that expands deposit insurance coverage by providing pass-through coverage for all deposits, regardless of size, of non-profit organizations.
- The Donnelly amendment that increases resolution costs by providing overly generous benefits to bank employees.
- The Neal amendment that imposes onerous reporting requirements on interstate branching institutions.
- The Waters amendment that freezes for two years bank fees for small depositors. Arbitrarily constraining fees set in the market is especially inappropriate at a time when banks are weak.

Scoring for Purposes of Pay-As-You-Go

H.R. 6 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). A budget point of order applies in both the House and the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 6, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 6 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO 1/
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-95</u>
<u>OUTLAYS:</u>					
Rhode Island Loan Guarantee	+70	--	--	--	+70
<u>RECEIPTS:</u>					
Credit for Distressed Communities Lending and Deposit Gathering	--	-266	-319	-358	-943
Lifeline banking	--	-7	-9	-11	-27
<u>NET DEFICIT INCREASE</u>	+70	+273	+328	+369	+1,040

1/ The bill's "too big to fail" provisions would decrease outlays, but it is not possible to estimate the size of the decrease. Similarly, estimates of the pay-as-you go impact of the bill's provisions on pass-through insurance are not available at this time.

The above estimate does not take into account anticipated floor amendments. Several of the amendments made in order under the rule appear to have pay-as-you-go effects.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 7, 1991 (SENT)
(House Rules)

AND House 5/7/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 7 - Brady Handgun Violence Prevention Act
(Feighan (D) Ohio and 148 others)

The President believes that the problem of violent crime must be met by the enactment of the strong measures embodied in his Comprehensive Violent Crime Control Act of 1991. While the President supports effective measures to identify felons attempting to purchase firearms, he is opposed to partial solutions to the problem of violent crime.

If the Congress acts favorably on the President's comprehensive crime bill, the President will accept, as part of that bill, appropriate measures to identify felons attempting to purchase handguns. Whatever Congress ultimately adopts on this subject, however, must be presented to the President as part of, or together with, his crime bill. The President's senior advisers will recommend that he veto any bill relating to the identification of felons attempting to purchase handguns, including both the Brady bill and the Staggers amendment, that is not part of legislation consistent with his Comprehensive Violent Crime Control proposal.

The Administration considers a point-of-purchase system as the best way to identify felons buying firearms. The type of background check conducted by a law enforcement official in a point-of-purchase system or during a seven-day waiting period is nearly the same. The success of both identification systems depends heavily upon computerized data relating to convicted felons. Consequently, States that have established point-of-purchase identification systems should be excluded from the procedures proposed in H.R. 7. (Such an exclusion appears to be intended by the bill, but the language may not accomplish this purpose.) Moreover, this bill should contain incentives for the States to improve the quality of their criminal history records since these records are the foundation upon which the successful identification of felons is dependent.

With regard to the Staggers Amendment, the Administration notes that, unless it is modified, it would require the establishment of a point-of-purchase system that is different from the system currently being established by the Attorney General pursuant to the Anti-Drug Abuse Act of 1988. The Staggers amendment would require the Department of Justice to establish a national "hotline" that would receive point-of-sale calls from licensed gun dealers. It would also require the Department to ensure that

purchasers will not be misidentified, notwithstanding the well known shortcomings of the Nation's criminal history records. If the Stagers amendment is adopted by the House, the Administration will seek Senate amendments to make several changes. These amendments would relate to the nature and cost of the "hotline" identification system, the performance requirements regarding misidentification, and the liability of the Federal Government as a result of misidentification.

The Administration believes that the advantages of the Department of Justice system are as follows: (1) The ability to identify felons buying firearms will be greatly improved because the Department's system is designed to integrate States into a national identification system as they enhance the accessibility and accuracy of their criminal history records; and (2) State and local law enforcement authorities will assume responsibility for performing background checks of prospective handgun buyers as a result of a cooperative relationship between the Federal, State and local governments.

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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 531 - Emerging Telecommunications Technologies Act (Dingell (D) Michigan and 47 others)

The Administration has proposed making government frequencies available for commercial assignment to promote new telecommunications technologies, provided that the Federal Communications Commission (FCC) is authorized to assign new licenses through competitive bidding. H.R. 531 does not authorize competitive bidding; therefore, if H.R. 531 were presented to the President in its current form, the Secretary of Commerce would recommend a veto.

If Congress fails to authorize competitive bidding, Federal agencies will have no source of revenue for the billions of dollars it will cost to relocate to new frequencies. Although at this time it is not possible to determine which agencies will be affected by the reallocation, the Defense Department and the Federal Aviation Administration hold approximately 60 percent of all U.S. Government frequency assignments. The costs to these and other agencies of relocation to different frequencies should be defrayed by the private sector beneficiaries of the reallocation. If they are not, basic operating programs will suffer.

Competitive bidding would be in the public interest because it would:

- o Encourage efficient use of a valuable and limited resource. The innovative users that return the highest economic good to society will offer the most attractive bids.
- o Improve on the current license assignment system. The current system relies both on lotteries, which enable speculators to "get rich quick," and on comparative hearings, which are costly, time-consuming, and sometimes arbitrary in result.
- o Help reduce the budget deficit. Spectrum is a valuable public resource. It should not be given away to commercial entities for free.
- o Be consistent with the policy of competitive bidding for other valuable public resources, such as timber and oil and gas drilling permits.

The Administration also recommends that H.R. 531 be amended to:

- o Establish a target for reallocation of 200 MHz but give the President or a designee flexibility to determine the exact amount of spectrum to be reallocated.
- o Establish a 15-year timetable to distribute the designated 200 MHz in order to minimize the adverse effects of spectrum reallocation on Federal agencies. The timetable should allow for no less than 30 MHz to be distributed through competitive bidding between 1994 and 1996.
- o Ensure that the incremental costs to the U.S. Government of moving Federal users from current frequencies would be reimbursed as provided in appropriations acts.

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July 9, 1991 (SENT)
(House Rules)

and SENT to House - 7/10/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 656 - High Performance Computing Act (Brown (D) California and 19 others)

The Administration has proposed an ambitious High Performance Computing and Communications (HPCC) initiative including \$638 million for FY 1992, a 30 percent increase over FY 1991. The Administration's initiative has enunciated clear goals for the HPCC program, provides the necessary flexibility to respond to new developments, and defines the appropriate role and scope of the National Research and Education Network (NREN).

H.R. 656 is consistent with the general goals and objectives of the Administration's initiative. In its current form, however, it is overly prescriptive and limits the ability of the Federal Government to pursue research and technology opportunities in this rapidly changing field. Therefore, the Administration would only support the bill if amended as recommended below.

The United States Trade Representative would recommend a veto of H.R. 656 if the "Buy America" amendment expected to be offered by Rep. Sabo is added to the bill. The Sabo amendment would: (1) almost certainly be interpreted by our trading partners as a violation of U.S. international obligations under the GATT Government Procurement Code and invite retaliation against U.S. exports; (2) work against the U.S. Government's efforts to expand Code coverage to goods and services contracts and thereby increase U.S. export opportunities; and (3) harm U.S. Government efforts to enter into joint research and development projects that may include foreign participants, even where such projects would foster the competitiveness of U.S. industry.

The Administration recommends that H.R. 656 be amended to:

- o Delete in Sec. 5(a)(2)(B) and Sec. 6(a) the responsibilities of the Office of Science and Technology Policy (OSTP) for implementation of the High-Performance Computing (HPC) program. OSTP should be responsible only for coordinating agency activities in support of the program; implementation should remain the responsibility of the appropriate agencies.
- o Delete in Sec. 6(d) the requirement that the National Science Foundation (NSF) manage the NREN. Because science and technology undertakings are inherently dynamic, and

because the HPC program is only in its first year of implementation, agency responsibilities must remain flexible to accommodate future developments.

- o Substitute "President, through the agencies," for "Director" in Sec. 6(a). This change would reserve to the President the authority to delegate authority among the agencies or OSTP.
- o Delete in Sec. 5(b) the requirement that OSTP establish a High-Performance Computing Advisory Panel. This provision results in unnecessary micromanagement of OSTP and the HPC program.
- o Delete the phrase "in every State" in Sec. 6(a). This language may be read to impose upon the Federal Government the responsibility for guaranteeing NREN connections in every State. The NREN is a high speed research network, not a general purpose communications network. Guaranteeing connections in every State would be inconsistent with the existing program and is more appropriately the responsibility of non-Federal (private sector) entities.
- o Delete Sec. 6(e) on Information Services. Including information services in this legislation is inconsistent with the purposes of the HPC program, which is fundamentally a research and development activity. Direct public access to Federal electronic information is already available from agencies as well as through libraries and private firms.
- o Delete Sec. 12, authorizing the Secretary of Education to conduct research regarding the use of computational sciences by schools and libraries. While helping schools develop electronic communications networks is an essential element in the President's AMERICA 2000 education strategy, the Department of Education already has sufficient authority and funding to support such research. The Secretary of Education, the NSF Director, and the President's Science Advisor are convening experts to help design networks appropriate for elementary and secondary education.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

NOTE: An earlier version
(11/1/91) was sent to the
House -- this is a
Revision.

November 12, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 932 - Aroostook Band of Micmacs Settlement Act (Snowe (R) ME and Andrews (D) ME)

The Administration strongly opposes H.R. 932, because the bill would statutorily acknowledge the Aroostook Band of Micmac Indians (Maine) as an Indian tribe. If H.R. 932 is presented to the President, the Secretary of the Interior would recommend a veto.

In 1978, the Department of the Interior established in regulation a Federal "acknowledgment" process to ensure that all petitions for acknowledgment as an Indian tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian community and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

Federal acknowledgment establishes a perpetual government-to-government relationship between the tribe and the United States and has major political, social, and economic implications for the petitioning tribe and Federal, State, and local governments.

H.R. 932, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded only federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment. It would also undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

Furthermore, the Administration finds no basis for any assertion that the 1980 Maine Indian Land Claims Settlement Act prohibits the Aroostook Band from seeking Federal acknowledgment. The 1980 Act, which extinguished the aboriginal land and natural resource claims of Indian groups in Maine, neither prohibits the Aroostook Band from seeking acknowledgment recognition through the standard acknowledgment process, nor prevents the Department of the Interior from reviewing and acting on a petition for acknowledgment of the Aroostook Band.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 10/31/91)

October 28, 1991
(House Rules)

ans SENT to House 11/1/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 932 - Aroostook Band of Micmacs Settlement Act (Snowe (R) ME and Andrews (D) ME)

The Administration strongly opposes H.R. 932, because the bill would statutorily acknowledge the Aroostook Band of Micmac Indians (Maine) as an Indian tribe. If H.R. 932 is presented to the President, the Secretary of the Interior would recommend a veto.

In 1978, the Department of the Interior established in regulation a Federal "acknowledgment" process to ensure that all petitions for acknowledgment as an Indian tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian community and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

Federal acknowledgement establishes a perpetual government-to-government relationship between the tribe and the United States and has major political, social, and economic implications for the petitioning tribe and Federal, State, and local governments.

H.R. 932, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded only federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment. It would also undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT House Rules 7/15/91)
July 12, 1991 AND House -
(House) 7/17/91)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1096 - Authorize Appropriations for
the Bureau of Land Management
(Vento (D) Minnesota)

The Administration strongly opposes enactment of H.R. 1096 because the bill would make a number of undesirable changes in the way the Secretary of the Interior, acting through the Bureau of Land Management (BLM), manages the public lands. These changes would hamper, rather than facilitate, effective and balanced multiple-use land management. The bill would effectively change the character and thrust of BLM's land management charter as contained in the Federal Land Policy and Management Act of 1976 (FLPMA). Instead of emphasizing broad multiple-use and sustained yield land management, H.R. 1096 would give unwarranted preferential consideration to a few selected resources on the public lands. If the bill is presented to the President in its current form, the Secretary of the Interior would recommend a veto.

Of particular concern, the bill would:

- Amend FLPMA's definition of "area of critical environmental concern" to seriously limit multiple-use management in such areas, even when a variety of land uses would not be incompatible with resource protection (Sec. 3).
- Add requirements that management of public lands protect and enhance the values of conservation system units (parks, refuges, etc.), thereby creating unnecessary "buffer zones" around those areas, the bill's disclaimer notwithstanding (Secs. 3(a), (b), and 8(a)).
- Deemphasize BLM's mandate for balanced consideration of all resource values by requiring an expanded focus on plant and wildlife protection and enhancement (Sec. 4).
- Require that a priority be placed on the identification, protection, and enhancement of specific resources on the public lands, thereby hindering multiple-use management (Sec. 5(b)(2)).

- Limit the appointment of non-career BLM employees; this interferes unacceptably with the President's authority to manage the Executive branch (Sec. 6).
- Restrict the Secretary's discretion to authorize activities that may involve development, even when such development is determined to be in the public interest (Sec. 8(a)).
- Require grazing permittees to own and control domestic livestock that graze on the public lands, thereby making many operations economically infeasible (Sec. 10).
- Broaden judicial review of BLM actions to cover the promulgation of regulations and other activities which do not constitute formal rulemaking actions. This may overburden the courts with unwarranted, specious, and political challenges to agency actions that have no immediate impact on plaintiffs' interests (Sec. 14).
- Establish a confusing and controversial system for granting rights-of-way for oil, gas, and other pipelines that could make them subject both to FLPMA and the Mineral Leasing Act (Sec. 15).
- Create a complex, confusing, duplicative, unnecessary, and costly process to determine the validity of highway rights-of-way that cross public lands (Sec. 16).

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(Not to be distributed outside of the Department)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 13, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1175 - National Defense Supplemental Authorization
for Fiscal Year 1991
(Aspin (D) WI and Dickinson (R) AL)

The Administration has reached an agreement with the bipartisan Senate leadership on a compromise to increase carefully selected benefits for veterans and military personnel on a basis that is fully consistent with the Budget Enforcement Act. It is hoped that a similar agreement may be reached in the House. Unfortunately, H.R. 1175 -- as reported by the House Armed Services Committee -- does not meet these tests.

H.R. 1175, as reported by the House Armed Services Committee, would authorize more than \$1.2 billion in increased direct spending for military personnel and veterans benefits over 5 years without offsets. It contains provisions that are inappropriate for inclusion in emergency supplemental legislation because they are either unnecessary or not urgently needed at this time. The bill contains mandatory scoring language, consistent with House Rule XXI, which would undo a key element of the Federal spending control mechanisms in the Omnibus Reconciliation Act (OBRA) of 1990. If these issues are not addressed, the President's senior advisers would recommend that he veto H.R. 1175.

The most objectionable benefits provisions in H.R. 1175 would:

- Pay a Family Separation Allowance to dual military couples without dependents. This is contrary to long-standing military policy to treat each servicemember as a military member in his/her own right, and not as a dependent.
- Alter the basis for payment of Dependency and Indemnity Compensation (DIC) payments to surviving spouses by establishing four DIC benefit rates based on the veteran's age at time of death. The Administration opposes this provision because the age of the veteran at the time of his or her death is not an appropriate factor to use in determining the monthly DIC payment.

- Increase Montgomery GI Bill benefits by an unacceptably large percentage. The increase is more than ten times the increase contained in the agreement between the Administration and the bipartisan Senate leadership.
- Establish a new direct home loan program for reservists unable to obtain private financing at guaranteed loan interest rates. There is no evidence that reservists have been or will be denied private loans or forced to pay higher interest rates because of the possibility of being called to active duty.

In addition, Section 503 of the House Armed Services Committee substitute designates direct spending in, and appropriations authorized under, Titles II and III as emergency requirements and provides that these benefits provisions do not take effect unless the President designates all of them en bloc as emergencies. This is contrary to the Budget Enforcement Act, which specifically states that the Presidential designation may be made on a provision-by-provision basis.

Scoring for the Purpose of Pay-As-You-Go and the Caps

H.R. 1175 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against H.R. 1175, enactment of this legislation would add to the end of year pay-as-you-go requirement, which must be met to avoid sequester.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 1175 were enacted, final OMB scoring estimates would be published five days after enactment, as required by OBRA. The cumulative effect of all enacted legislation on the pay-as-you-go requirement will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
(outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
Title I	---	---	---	---	---	---
Title II	131	---	---	---	---	131
Title III	2	212	253	292	318	1,077
Title IV	---	---	---	---	---	---
Title V	---	---	---	---	---	---
TOTALS	133	212	253	292	318	1,208

In addition to the above outlays from direct spending, Section 301(b) -- pension benefits for veterans and surviving spouses would result in additional long term costs, with a net present value of between \$2.2 and \$2.9 billion. These figures represent OMB's preliminary net present value estimate of this provision.

Title II of H.R. 1175 would also authorize increases in discretionary spending for military personnel benefits totalling \$227 million in FY 1991 and \$28 million in each of FYs 1992 through 1995. Total authorizations for discretionary spending for the period 1991-1995 would total \$339 million.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 12, 1991 *SENT*
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1175 - National Defense Supplemental Authorization
for Fiscal Year 1991
(Aspin (D) WI and Dickinson (R) AL)

The Administration is actively working with the bipartisan Senate leadership on a possible compromise proposal to increase carefully selected benefits for veterans and military personnel on a basis that is fully consistent with the Budget Enforcement Act. It is hoped that a similar agreement may be reached in the House. Unfortunately, H.R. 1175 -- as reported by the House Armed Services Committee -- does not meet these tests and would elicit a recommendation for veto by the President's senior advisers.

H.R. 1175, as reported by the House Armed Services Committee, would authorize more than \$1.2 billion in increased direct spending for military personnel and veterans benefits over 5 years without offsets. The outyear costs are even greater (preliminary net present value estimates of the pension benefit provisions start at \$2.2 billion). Many of these benefits are not targeted to individuals directly involved in Operation Desert Shield/Storm. The bill contains emergency designation language that the Administration strongly opposes as well as scoring language, consistent with House Rule XXI, which would undo a key element of the Federal spending control mechanisms in the Omnibus Reconciliation Act (OBRA) of 1990. If these issues are not addressed, the President's senior advisers would recommend that he veto H.R. 1175.

Section 3 contains a scoring provision which would include as a statement of law the Congressional Budget Office cost estimate of H.R. 1175. This provision is also specified in a rule recently added by the House which would undo a key element to enforcing the controls on Federal spending contained in the Omnibus Budget Reconciliation Act (OBRA) of 1990. In a statement issued January 3, 1991, the President stated,

"I will veto any bill that contains the language specified in the rule passed by the House Democrats this afternoon."

The Administration strongly opposes the emergency designation language contained in Title III of H.R. 1175 because it has the effect of appropriating funds in authorization legislation. The Administration, however, supports the emergency designation language in Title II of the bill and urges that the same language be substituted for the emergency designation language in Title III.

In addition, H.R. 1175 is objectionable because it:

- Does not include offsets to the increases in direct spending provided in the bill, as required under the Budget Enforcement Act. The Administration will work with Congress to identify appropriate offsets.
- Contains provisions that are inappropriate for inclusion in emergency supplemental legislation because they are either unnecessary or not urgently needed at this time.

Specific comments on H.R. 1175 follow.

Title I - Authorization of Fiscal Year 1991 Supplemental Appropriations for Operation Desert Storm.

The Administration has no objection to the provisions contained in Title I of H.R. 1175.

Title II - Military Personnel and Compensation Matters.

The Administration either supports or has no objection to many of the provisions contained in Title II. These include (1) granting DOD end-strength flexibility to the extent necessary because of Desert Shield/Storm; (2) increasing imminent danger pay from \$110 per month to \$150 per month; (3) increasing family separation pay from \$60 per month to \$75 per month; and (4) eliminating the \$10,000 savings cap for POW's and MIA's under DOD's Armed Forces savings plan.

However, Title II also contains several provisions the Administration finds objectionable. Specifically, Title II would:

- Pay a Family Separation Allowance (FSA) to dual military couples without dependents. Currently, the FSA allowance is paid to personnel with dependents to help cushion the added family expenses resulting from separation. Dual military couples without dependents do not incur such costs, and paying the FSA would be unjustified. Moreover, it is long-standing military policy to treat each servicemember as a military member in his/her own right, and not as a dependent. To extend FSA to dual military couples without dependents would be contrary to this policy.

- Authorize continued medical Board certification pay to those who completed residency, but were not certified. Qualified personnel were given special consideration (including free transportation) to return to take Board Qualification examinations. Waiver of the certification runs counter to the purpose of the special pay and the DOD policy of upgrading and maintaining the professional quality of medical services.
- Increase the current death gratuity from \$3,000 to \$6,000. This increase is unnecessary in view of Servicemen's Group Life Insurance (SGLI), in which nearly all servicemembers participate. Currently, SGLI pays \$50,000. The \$3,000 death gratuity is intended only to tide over survivors until SGLI is paid.
- Increase foreign duty special pay to a flat rate of \$25 per month. This raise requires further study and will be considered in the ongoing 7th Quadrennial Review of Military Compensation.
- Authorize two months of transition medical care coverage, or less if employer sponsored health insurance is available sooner, for reservists and active duty personnel (and families) who served in connection with Operation Desert Shield/Storm. This provision would be costly and hard to administer.

Title III - Veterans' Benefits and Programs.

The Administration either supports or has no objection to some of the provisions contained in Title III, including extension of eligibility for readjustment counseling to veterans who served on active duty in the Persian Gulf theater of combat operations.

However, Title III also contains several objectionable provisions. Specifically, Title III would:

- Alter the basis for payment of Dependency and Indemnity Compensation (DIC) payments to surviving spouses by establishing four DIC benefit rates based on the veteran's age at time of death. The Administration agrees that changes are needed in this program and will be submitting legislation to provide a more equitable distribution of DIC benefits. The Administration opposes this provision of Title III because the age of the veteran at the time of his or her death is not an appropriate factor to use in determining the monthly DIC payment.

- Make all veterans serving during the Persian Gulf War period eligible for the VA pension program, even if they were not serving in the combat zone.
- Expand the authority VA now has to contract with community facilities during a national emergency or war. The current VA contracting authority and system of priorities for care ensures that the VA can serve veterans who have service-connected disabilities, require emergency care, or are undergoing a course of inpatient or outpatient treatment by the VA. It has not been necessary to use the authority VA now has to contract with community facilities as a result of the Persian Gulf conflict, and it is not necessary to expand it.
- Increase Chapter 30 (Montgomery GI Bill - Active Duty) payment levels by up to 43 percent. This general benefit change is not Operation Desert Storm specific. It increases benefits for servicepersons who were already recruited under the current payment levels. There is no indication that increased benefits are needed for recruitment purposes.
- Establish a new direct home loan program for reservists unable to obtain private financing at guaranteed loan interest rates. This provision is unnecessary. There is no evidence that reservists have been or will be denied private loans or forced to pay higher interest rates because of the possibility of being called to active duty.

Title IV - Authorization of Supplemental Appropriations for Department of Energy National Security Programs for Fiscal Year 1991.

Although the Administration supports Title IV's \$623 million authorization level, the Administration objects to provisions in Section 404 requiring the relocation within 10 years of operations performed at the Rocky Flats Plant in Golden, Colorado. On February 11, 1991, the Department of Energy issued a Notice of Intent to prepare a Programmatic Environmental Impact Statement (PEIS) on reconfiguration of the nuclear weapons complex. Whether and where to relocate Rocky Flats is an issue that will be considered in that PEIS.

Secretary Watkins has announced that relocation of the nuclear activities performed at Rocky Flats is a preferred option under the PEIS. A final decision on relocation, however, cannot be made until the Record of Decision on the PEIS, which is scheduled for late 1993. Given the need to satisfy National Environmental Policy Act requirements and the complexity of the operations

performed at Rocky Flats, it is unlikely that a replacement facility could be in operation within 10 years. No useful purpose would be served by setting an unrealistic deadline for such relocation.

Title V - Land Conveyance, Fort A.P. Hill Military Reservation, Virginia.

Section 501 of title V would alter the terms and conditions of a land conveyance at Fort A.P. Hill, Virginia, which was authorized only four months ago by section 2839 of P.L. 101-510. It is inappropriate to alter so quickly section 2839 without the benefit of hearings or consideration of the Administration's views. Accordingly, the Administration opposes section 501.

Scoring for the Purpose of Pay-As-You-Go and the Caps

H.R. 1175 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against H.R. 1175, enactment of this legislation would add to the end of year pay-as-you-go requirement, which must be met to avoid sequester.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 1175 were enacted, final OMB scoring estimates would be published five days after enactment, as required by OBRA. The cumulative effect of all enacted legislation on the pay-as-you-go requirement will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
(outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
Title I	---	---	---	---	---	---
Title II	131	---	---	---	---	131
Title III	2	212	253	292	318	1,077
Title IV	---	---	---	---	---	---
Title V	---	---	---	---	---	---
TOTALS	133	212	253	292	318	1,208

In addition to the above outlays from direct spending, Section 301(b) -- pension benefits for veterans and surviving spouses would result in additional long term costs, with a net present value of between \$2.2 and \$2.9 billion. These figures represent OMB's preliminary net present value estimate of this provision.

Title II of H.R. 1175 would also authorize increases in discretionary spending for military personnel benefits totalling \$227 million in FY 1991 and \$28 million in each of FYs 1992 through 1995. Total authorizations for discretionary spending for the period 1991-1995 would total \$339 million.

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April 30, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1236 - National Flood Insurance, Mitigation,
and Erosion Management Act of 1991
(Erdreich (D) AL and 6 others)

H.R. 1236 represents the most significant change to the National Flood Insurance Program (NFIP) since passage of the Flood Disaster Protection Act of 1973, and the Administration supports substantial portions of the bill. Nevertheless, if H.R. 1236 is presented to the President in its current form, the President's senior advisers will recommend a veto because of the mandated scoring language contained in Section 604. The Administration urges adoption of the amendment to be offered by Rep. Gradison to strike Section 604.

Section 604 contains the CBO scoring language required by House Rule XXI. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to last year's Budget Agreement. As the President said, "[i]f specifically negotiated and agreed provisions are to be undone . . ., how can we reasonably expect the Agreement to be taken seriously?"

The Administration supports the existing broad-based flood insurance coverage requirements, and supports the bill's intent of improving compliance with those requirements. However, the Administration opposes the new regulatory mandates which the bill would impose upon lending institutions which at present are not Federally-regulated and which issue mortgages that are not guaranteed by the United States.

In particular, the Administration objects to a provision in Title II which would establish the Department of Housing and Urban Development (HUD) as a regulator for any financial institution that is not presently regulated by another Federal agency. This is a significant class of financial institutions, many of which are not now subject to HUD regulation. HUD lacks the resources to monitor these institutions effectively, in light of its primary responsibility to monitor the lenders and servicers who participate in the insurance programs of the Federal Housing Administration (FHA). Further, HUD has little or no means of enforcement over lenders who are not currently FHA-approved. Lastly, Title II's compliance requirements would increase the Federal Government's liability to make insurance payments in the future.

Section 403 would authorize the Director of the Federal Emergency Management Agency (FEMA) to invest certain funds in interest-bearing obligations issued or guaranteed by the United States. The Administration recommends that this provision be amended to authorize the Secretary of the Treasury, in consultation with the Director of FEMA, to invest such amounts in public debt securities. This amendment would be consistent with the existing handling of most other funds with investment authority, including flood insurance.

Scoring for the Purposes of Pay-As-You-Go

H.R. 1236 would change direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). OMB's preliminary scoring estimates of this bill are presented in the table below.

	(\$ in millions)					
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
Net decrease in outlays	--	--	-3	-7	-1	-11

Final scoring of this legislation may deviate from these estimates. If H.R. 1236 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

* * * * *



April 30, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1236 - National Flood Insurance, Mitigation,
and Erosion Management Act of 1991
(Erdreich (D) AL and 6 others)

H.R. 1236 represents the most significant change to the National Flood Insurance Program (NFIP) since passage of the Flood Disaster Protection Act of 1973, and the Administration supports substantial portions of the bill. Nevertheless, if H.R. 1236 is presented to the President in its current form, the President's senior advisers will recommend a veto because of the mandated scoring language contained in Section 604.

Section 604 contains the CBO scoring language required by House Rule XXI. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to last year's Budget Agreement. As the President said, "[i]f specifically negotiated and agreed provisions are to be undone . . . , how can we reasonably expect the Agreement to be taken seriously?"

The Administration supports the existing broad-based flood insurance coverage requirements, and supports the bill's intent of improving compliance with those requirements. However, the Administration opposes the new regulatory mandates which the bill would impose upon lending institutions which at present are not Federally-regulated and which issue mortgages that are not guaranteed by the United States.

In particular, the Administration objects to a provision in Title II which would establish the Department of Housing and Urban Development (HUD) as a regulator for any financial institution that is not presently regulated by another Federal agency. This is a significant class of financial institutions, many of which are not now subject to HUD regulation. HUD lacks the resources to monitor these institutions effectively, in light of its primary responsibility to monitor the lenders and servicers who participate in the insurance programs of the Federal Housing Administration (FHA). Further, HUD has little or no means of enforcement over lenders who are not currently FHA-approved. Lastly, Title II's compliance requirements would increase the Federal Government's liability to make insurance payments in the future.

Section 403 would authorize the Director of the Federal Emergency Management Agency (FEMA) to invest certain funds in interest-

bearing obligations issued or guaranteed by the United States. The Administration recommends that this provision be amended to authorize the Secretary of the Treasury, in consultation with the Director of FEMA, to invest such amounts in public debt securities. This amendment would be consistent with the existing handling of most other funds with investment authority, including flood insurance.

Scoring for the Purposes of Pay-As-You-Go

H.R. 1236 would change direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). OMB's preliminary scoring estimates of this bill are presented in the table below.

	(\$ in millions)					
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
Net decrease in outlays	--	--	-3	-7	-1	-11

Final scoring of this legislation may deviate from these estimates. If H.R. 1236 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 9/20/91)

September 19, 1991
(House Rules)

and SENT to
House on 9/25/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1426 - Lumbee Recognition Act (Rose (D) NC and 17 others)

The Administration strongly opposes H.R. 1426, because the bill would statutorily acknowledge the Lumbee Tribe of Cheraw Indians (North Carolina), as an Indian tribe. If H.R. 1426 is presented to the President, the Secretary of the Interior would recommend a veto.

In 1978, the Department of the Interior established in regulation a Federal "acknowledgment" process to ensure that all petitions for acknowledgment as an Indian tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian community and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

Federal acknowledgement establishes a perpetual government-to-government relationship between the tribe and the United States and has major political, social, and economic implications for the petitioning tribe and Federal, State, and local governments.

H.R. 1426, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded only federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment. It would also undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 3, 1991
(House Rules) SENT 10/8/91
and House

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1470 - The Price-Fixing
Prevention Act of 1991
(Brooks (D) Texas and 78 others)

If H.R. 1470 were presented to the President in its current form, his senior advisors would recommend a veto.

The Administration opposes H.R. 1470 because it would inhibit manufacturers and distributors from entering into pro-competitive distribution agreements for products in a wide variety of markets.

Under existing antitrust law, and notwithstanding the short title of the bill, distribution agreements that set resale prices are already per se illegal. H.R. 1470 would reduce the level of evidence needed to proceed to trial by creating an inference of unlawful conspiracy in certain cases. The inference would be based on evidence that is equally consistent with lawful, unilateral decisions by manufacturers regarding who will distribute their products. As a result, juries could misinterpret lawful business decisions as price fixing conspiracies. Because of the availability of treble damages, H.R. 1470 could invite a substantial increase in complex antitrust litigation.

H.R. 1470 could also render certain nonprice distribution agreements per se illegal, even though such agreements should be considered, instead, under the antitrust "rule of reason." Consideration under the "rule of reason" provides for the evaluation of pro-competitive effects.

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July 9, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)
H.R. 1989 - American Technology Preeminence Act of 1991
(Valentine (D) North Carolina and 16 others)

If H.R. 1989 is presented to the President in its current form, the Secretary of Commerce will recommend a veto. In particular, the Administration strongly objects to the Technology Commercialization Loan Program, which would inappropriately channel Government funds away from broad technology goals to underwriting particular product development projects.

The Administration also has very serious concerns about the requirement that the Secretary identify critical manufacturing industries and develop a 10-year plan to ensure the growth of those industries. This requirement is directly contrary to Administration policy against targeting particular industries and centralized economic planning.

The Administration also strongly opposes enactment of H.R. 1989 unless it is amended to:

- Delete Sections 501 (creating a High-Resolution Information Systems Advisory Board), 502 (requiring the Office of Science and Technology Policy (OSTP) to report on certain multinational projects), 503 (relating to biennial National Critical Technologies Reports), and 508 (revising the functions of the Federal Coordinating Council for Science, Engineering and Technology (FCCSET)). These provisions are unnecessary and infringe upon Presidential prerogatives to delegate authority and manage the affairs of the Executive branch. Section 501 duplicates efforts being undertaken by the Council on Competitiveness, the Department of Defense, and other agencies.
- Delete the requirement in Section 401 that the Vice President be among those appointed to the Commission on Reducing Capital Costs for Emerging Technologies. This requirement raises constitutional questions regarding the Vice President's duties.
- Delete Section 507(a)(4), which requires an annual White House Conference on Quality Performance in the American Workplace. Mandating annual involvement of the White House in this Conference is inappropriate and not an effective use of White House resources.

- Revise Section 201(c) regarding recoupment in the Advanced Technology Program (ATP). It improperly involves the Government in deciding whether or not a specific ATP project is a "commercial success." The current ATP license and royalty provision (15 U.S.C. 278n(d)(7)), which Section 201 (c) would amend, should be repealed. It is a significant deterrent to the participation in the ATP of computer software and other copyright-oriented companies.

H.R. 1989 contains a number of other objectionable provisions which are inconsistent with the Administration's investment and trade policies, restrict agency flexibility in managing programs, or duplicate existing programs.

Scoring for the Purpose of Pay-As-You-Go

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it will trigger a sequester if it is not fully offset. OMB staff's preliminary estimate is that the PAYGO effect of H.R. 1989 would be zero. Thus, considered alone, this bill meets the PAYGO requirement of OBRA.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 10, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1989 - American Technology Preeminence Act of 1991
(Valentine (D) North Carolina and 16 others)

If H.R. 1989 is presented to the President in its current form, the Secretary of Commerce will recommend a veto. In particular, the Administration strongly objects to the Technology Commercialization Loan Program, which would inappropriately channel Government funds away from broad technology goals to underwriting particular product development projects.

The Administration also has very serious concerns about the requirement that the Secretary identify critical manufacturing industries and develop a 10-year plan to ensure the growth of those industries. This requirement is directly contrary to Administration policy against targeting particular industries and centralized economic planning.

The Administration strongly supports an amendment to be offered by Congressman Walker which would delete the technical commercial loan provisions.

The Administration also strongly opposes enactment of H.R. 1989 unless it is amended to:

- Delete Sections 501 (creating a High-Resolution Information Systems Advisory Board), 502 (requiring the Office of Science and Technology Policy (OSTP) to report on certain multinational projects), 503 (relating to biennial National Critical Technologies Reports), and 508 (revising the functions of the Federal Coordinating Council for Science, Engineering and Technology (FCCSET)). These provisions are unnecessary and infringe upon Presidential prerogatives to delegate authority and manage the affairs of the Executive branch. Section 501 duplicates efforts being undertaken by the Council on Competitiveness, the Department of Defense, and other agencies.
- Delete the requirement in Section 401 that the Vice President be among those appointed to the Commission on Reducing Capital Costs for Emerging Technologies. This requirement raises constitutional questions regarding the Vice President's duties.
- Delete Section 507(a)(4), which requires an annual White House Conference on Quality Performance in the American

Workplace. Mandating annual involvement of the White House in this Conference is inappropriate and not an effective use of White House resources.

- Revise Section 201(c) regarding recoupment in the Advanced Technology Program (ATP). It improperly involves the Government in deciding whether or not a specific ATP project is a "commercial success." The current ATP license and royalty provision (15 U.S.C. 278n(d)(7)), which Section 201 (c) would amend, should be repealed. It is a significant deterrent to the participation in the ATP of computer software and other copyright-oriented companies.

H.R. 1989 contains a number of other objectionable provisions which are inconsistent with the Administration's investment and trade policies, restrict agency flexibility in managing programs, or duplicate existing programs.

Scoring for the Purpose of Pay-As-You-Go

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it will trigger a sequester if it is not fully offset. OMB staff's preliminary estimate is that the PAYGO effect of H.R. 1989 would be zero. Thus, considered alone, this bill meets the PAYGO requirement of OBRA.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 16, 1991 (SENT 5/17/91)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2100 - National Defense Authorization Act
For Fiscal Years 1992 and 1993
(Aspin (D) Wisconsin and Dickinson (R) Alabama)

The budget authority and outlay levels in H.R. 2100, as reported by the House Armed Services Committee, are consistent with the budget caps for national defense as provided for in the Budget Enforcement Act of 1990. The bill, however, contains a number of objectionable provisions that would severely compromise the Administration's national defense objectives. The Secretary of Defense would recommend that the President veto the bill if it is presented to him in its current form.

Of particular concern, the bill would:

- eliminate funding for continuation of B-2 Stealth bomber procurement, despite the importance of this system in maintaining strategic deterrence;
- underfund the SDI program, terminating key elements of the Administration's initiative to provide global protection against limited nuclear strikes;
- fund unrequested or low priority programs, such as the V-22 aircraft and F-14 fighters; and
- limit planned reductions in Reserve and National Guard forces, which would cause imbalances in the total force structure.

The Administration will work with the Senate to develop a bill that reflects Administration priorities.

As the review of H.R. 2100 continues, the Administration may propose additional modifications to the bill.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 15, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2100 - National Defense Authorization Act
For Fiscal Years 1992 and 1993
(Aspin (D) Wisconsin and Dickinson (R) Alabama)

The budget authority and outlay levels in H.R. 2100, as reported by the House Armed Services Committee, are consistent with the budget caps for national defense as provided for in the Budget Enforcement Act of 1990. The bill, however, contains a number of objectionable provisions that would severely compromise the Administration's national defense objectives. The Secretary of Defense would recommend that the President veto the bill if it is presented to him in its current form.

Of particular concern, the bill would:

- eliminate funding for continuation of B-2 Stealth bomber procurement, despite the importance of this system in maintaining strategic deterrence;
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- limit planned reductions in Reserve and National Guard forces, which would cause imbalances in the total force structure.

The Administration will work with the Senate to develop a bill that reflects Administration priorities.

As the review of H.R. 2100 continues, the Administration may propose additional modifications to the bill.

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imposes unjustified and unreasonable constraints on the management of the NOAA fleet.

- Place restrictions on the construction or repair of NOAA vessels in foreign shipyards. The provision could undermine international negotiations in which the United States is seeking to increase procurement opportunities for U.S. suppliers in foreign markets. It might be viewed as a violation of our international obligations.
- Require the Department to ensure that NOAA vessels are interoperable with Navy vessels. This restriction would add considerably to the cost of constructing and maintaining NOAA vessels.
- Exempt NOAA's proposed financial assistance awards from review by the Department's Financial Assistance Review Board. This infringes on the Secretary's right and obligation to ensure that public funds are obligated in a financially sound manner.

The Secretary of Commerce would also recommend a veto of H.R. 2130 if it were amended to further restrict the Department's efforts to modernize the weather service.

The Administration opposes numerous other provisions in H.R. 2130. The most objectionable of these include excessive appropriations authorizations; ceilings on future user fees; and the targeting of funds to or mandating activities in specific geographic areas.

Scoring for Purposes of Pay-As-You-Go

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it must trigger a sequester if it is not fully offset. H.R. 2130 would constrain increases in fees for nautical charts to the current fee plus inflation. OMB's preliminary estimate is that this provision would not affect the deficit for pay-as-you-go purposes.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

(SENT 11/15/91)

November 14, 1991
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2130 - National Oceanic and Atmospheric Administration
(NOAA) Authorization Act of 1991
(Hertel (D) Michigan and 6 others)

The Secretary of Commerce would recommend that the President veto H.R. 2130 unless it is amended to delete or modify satisfactorily provisions that impair the Department's ability to effectively manage authorized activities. These provisions:

- Limit the Secretary's ability to deactivate old, obsolete radars as new NEXRAD radars are installed. As a consequence, both new and old systems may have to be operated concurrently. This would be costly and could delay modernization.
- Further complicate the already burdensome certification requirements for the weather service modernization.
- Specify conditions to be met before NOAA may obligate funds for certain weather modernization systems (i.e., NEXRAD radars and ASOS weather observation devices). The required conditions do not reflect recent changes in technical performance. Their effect would be to deny availability of funds already appropriated.
- Require the Department to certify that GOES and Polar satellite systems meet specified requirements before appropriated funds may be obligated. These provisions would also deny availability of appropriations. They could result in increased program costs and gaps in satellite coverage. In addition, H.R. 2130 authorizes more than \$300 million less than is likely to be required for the GOES and Polar satellites.
- Require at least one public liaison officer to be provided for two years after a weather service office is closed, consolidated, automated, or relocated. This is required even in the case of offices which provide no public liaison services now. The result will be additional expense and duplication of services that will be provided at the new, modern offices.
- Prohibit the deactivation of any research vessel until an equivalent replacement is available. This provision



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

October 30, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2130 - National Oceanic and Atmospheric Administration
(NOAA) Authorization Act of 1991
(Hertel (D) Michigan and 6 others)

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imposes unjustified and unreasonable constraints on the management of the NOAA fleet.

- Place restrictions on the construction or repair of NOAA vessels in foreign shipyards. The provision could undermine international negotiations in which the United States is seeking to increase procurement opportunities for U.S. suppliers in foreign markets. It might be viewed as a violation of our international obligations.
- Require the Department to ensure that NOAA vessels are interoperable with Navy vessels. This restriction would add considerably to the cost of constructing and maintaining NOAA vessels.
- Exempt NOAA's proposed financial assistance awards from review by the Department's Financial Assistance Review Board. This infringes on the Secretary's right and obligation to ensure that public funds are obligated in a financially sound manner.

The Secretary of Commerce would also recommend a veto of H.R. 2130 if it were amended to further restrict the Department's efforts to modernize the weather service.

The Administration opposes numerous other provisions in H.R. 2130. The most objectionable of these include excessive appropriations authorizations, ceilings on future user fees, the targeting of funds, or mandating activities in specific geographic areas.

Scoring for Purposes of Pay-As-You-Go

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it must trigger a sequester if it is not fully offset. H.R. 2130 would constrain increases in fees for nautical charts to the current fee plus inflation. OMB's preliminary estimate is that this provision would not affect the deficit for pay-as-you-go purposes.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT House Rules 7/24/91 and
House 7/25/91)

July 24, 1991
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2507 - National Institutes of Health
Revitalization Amendments of 1991
(Waxman (D) CA)

The Administration is strongly committed to the biomedical research endeavors of the National Institutes of Health (NIH). The Administration urges Congress to enact a simple extension of appropriation authorizations for NIH. H.R. 2507 is unacceptable, and if it were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 2507 is objectionable because it would permit federally funded research endeavors to use fetal tissue from induced abortions. The bill would broaden current policy that allows federally funded research endeavors to use fetal tissue from spontaneous abortions to use tissues from induced abortions as well. This would create a rationale for continuing the practice of aborting fetuses except where the life of the mother is endangered.

Other major objectionable provisions include:

- The bill would allow unwarranted and unwise intrusions into the authority of the Secretary of Health and Human Services and is too directive in its effort to expand certain research programs. It would impose activities and a number of advisory committees on NIH that are costly, unnecessary, and indeed duplicate existing efforts in some cases.
- The bill would also dictate to the Secretary of Health and Human Services the membership of the "ethics board" used to make decisions regarding the implications of the research conducted by NIH. The Administration believes that this mandate is unconstitutional as it violates the Appointments Clause, U.S. Const., Art. II, sec. 2.
- The bill contains provisions relating to payments for administrative overhead under the National Institutes of Health research programs. These provisions are unnecessary at this time because abuses are being addressed administratively.

The Administration has published for comment revisions to OMB Circular A-21 (Cost Principles for Educational Institutions) that would, among other things, clearly rule

out reimbursement for a wide variety of abuses not clearly prohibited by the current Circular and cap administrative costs at 26 percent. OMB has, in addition, established a Task Force to review the overall Circular A-21 mechanism and develop cost accounting standards for Federal research grants and contracts. Legislative remedies should await the conclusion of this effort.

-- The bill would authorize appropriation levels for various programs and certain institutes at NIH that are in excess of the President's FY 1992 Budget and would create unnecessary time-limited authorities for two NIH components.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 6, 1991 (SENT)
(House Rules) (House 6/7/91)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2508 - International Cooperation Act of 1991
(Fascell (D) Florida and 19 others)

H.R. 2508, as reported by the House Foreign Affairs Committee, falls well short of the goals outlined by the President in his letter to the Speaker of the House endorsing the Administration's proposed "International Cooperation Act of 1991." In recognition of rapidly changing world events, the President sought to delete the many restrictions, prohibitions, burdensome and unnecessary reporting requirements, and statutory waiting periods that have accumulated over the several decades since enactment of the Foreign Assistance Act of 1961. H.R. 2508 does not meet these goals. If H.R. 2508 were presented to the President in its current form, his senior advisers would recommend a veto of the bill.

Of particular concern are two provisions that overturn the Administration's anti-abortion policy:

- Section 1205 earmarks funding for the United Nations Population Fund, which participates in the management of a program of coercive abortion or involuntary sterilization.
- Section 1206 reverses the Mexico City policy of denying U.S. foreign assistance to foreign non-governmental organizations that promote abortion as a method of family planning.

The President has indicated that he would veto any legislation presented to him containing such provisions.

In addition, H.R. 2508 includes unworkable cargo preference requirements, contains numerous earmarks (more than 60 percent of the funds authorized), and imposes many country-specific conditions, notification requirements, and other restrictions. These would impede the Administration's ability to respond to changing circumstances, limit the President's flexibility in administering foreign aid programs, and decrease the effectiveness of U.S. foreign assistance.

H.R. 2508 includes several provisions that raise constitutional concerns, by infringing on the President's authority to conduct foreign relations. The bill also contains substantial new formal reporting requirements that would divert resources from

productive pursuits to activities that appear to duplicate congressional oversight, especially an expanded global International Narcotics Control Strategy Report.

While H.R. 2508 does contain several components of the President's request which provide needed program flexibility, other essential provisions are absent or unacceptably revised. Even if sections 1205 and 1206 are deleted, the cumulative effect of the added requirements and missing or weakened Administration proposals would require the President's senior advisors to recommend a veto of the bill.

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July 16, 1991 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2519 -- VA/HUD AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1992**

(Sponsors: Byrd (D), West Virginia; Mikulski (D), Maryland)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 2519, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1992, as reported by the Committee.

The Administration supports enactment of H.R. 2519, as reported by the Committee. The Committee bill provides full funding for Space Station Freedom and provides partial funding for the President's HOPE homeownership grants. The Administration believes that, in these respects, the Committee bill is an improvement from the bill that was passed by the House.

However, in its consideration of this bill, the Senate is respectfully urged to address the Administration's concerns with the Committee-reported bill, noted below. If the Senate were to adopt an amendment that substantially reduces funding for Space Station Freedom from the level provided by the Committee, the President's senior advisers would recommend that he veto the bill.

Space Station Freedom

The Administration strongly supports the Committee action to fund fully Space Station Freedom. Space Station Freedom is a critical element in planned future space exploration and space science and technology programs. It is a major contributor to long-term U.S. economic growth, and it is an important element in international cooperation in science and technology. Space Station Freedom is a visible manifestation of the nation's commitment to investment in the future.

The Administration strongly supports the 10-percent increase in funding provided for Space Science programs. This action will enable continued progress on major space science projects and will maintain a balanced space program.

HOPE and Housing Programs

The Administration notes that the Committee bill provides a higher funding level than the House-passed bill for HOPE, but recommends funding at the President's requested funding levels for new housing programs, authorized in the Cranston-Gonzalez National Affordable Housing Act -- especially for HOPE homeownership grants and Shelter Plus Care for the homeless.

The Administration objects to language in the Committee bill that would waive the non-Federal matching requirement for the new HOME program in FY 1992. The Department of Housing and Urban Development (HUD) already has the authority to waive up to 75 percent of the match if necessary for the local jurisdiction to carry out the HOME program. Eliminating the entire match is unnecessary and counter to one of the goals in the HOME legislation -- to encourage States and cities to bring their own funds to the table to assist more low-income families.

Unauthorized Special Purpose Projects

The Administration strongly opposes the \$72.8 million in new funding grants the Committee bill provides for community-based projects. These unauthorized grants are inconsistent with the HUD Reform Act's efforts to provide open and fair competition for scarce HUD funds without "influence peddling." The Administration urges deletion of these unauthorized special projects, which undermine our joint efforts to restore public confidence that all communities can compete for funds equally on the basis of published selection criteria.

FEMA Disaster Relief

Of the \$275 million requested by the Administration for disaster assistance, the Committee bill would provide only \$185 million. The Committee has denied the \$90 million budget amendment request, which was transmitted to the Congress on June 28th. The amended request is the result of an intensive review of disaster funding needs, which has led the Administration to conclude that funding the average, historical level of activity for this program of \$320 million is essential to the efficient operation of the program. The Administration proposes to meet this funding requirement with \$275 million in budget authority, \$25 million in recoveries, and \$20 million in program reforms. Without full funding of the requested \$275 million in budget authority and the requested language permitting program reforms, FEMA could again be forced to suspend disaster assistance in FY 1992.

It is important to note that the Administration's request of \$275 million for 1992 is predicated on the assumption that the pending supplemental will provide significant resources for FEMA for 1991 (with appropriate offsets). If the supplemental does not prove satisfactory, the shortfall for 1992 will be correspondingly increased.

HUD Section 8 Expiring Contract Renewals

HUD has recently provided the Office of Management and Budget and the Committee with a new estimate of the cost of renewals based on a just-completed survey of expiring Section 8 contracts. This estimate indicates that an additional \$1.25 billion in FY 1992 budget authority, above the amount requested in the President's budget, will be required in order to renew all expiring subsidy contracts in FY 1992 and the first month of FY 1993. The Department's new survey discovered, for example, that contracts covering an additional 23,897 units will expire and need to be renewed in FY 1992, on top of the 250,389 units that HUD had projected in its FY 1992 budget submission to OMB and to the Congress.

The Administration shares the Senate's concern about the lack of adequate financial management systems in the Section 8 program and the continuing estimating problems that have resulted from inadequate systems. Although HUD is working to overcome these problems, these expiring contracts must still be renewed in order to prevent low-income tenants from being forced to leave their homes. The Administration stands ready to work with the Congress to ensure that this problem is addressed and that the needed budget authority is provided before the bill is sent to the President for his signature.

Scoring Conversions of Section 202 Loans to Grants

The Committee bill assumes conversion of HUD's Section 202 construction loans into grants. The Administration has had very little time to review this complex proposal. The Committee assumes that the conversion could make available up to \$1.2 billion in previously appropriated funds to finance higher spending for other low-income housing programs in FY 1992.

The Administration is reviewing the scoring of the offsets to finance these grants, and is willing to work with the Committee to fund the proposed conversions.

Additional concerns of the Administration with the Committee-reported bill are outlined in the attachment.

Attachment

(Senate Floor)

ADDITIONAL CONCERNS
H.R. 2519 -- VA/HUD AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Housing and Urban Development (HUD)

Subsidized Housing -- Public Housing Modernization. The Committee bill provides \$3 billion for public housing modernization, \$238 million more than the President's request. Funding this program at \$3 billion in FY 1992 would only exacerbate an already excessive backlog of \$6 billion.

Subsidized Housing -- Public and Indian Housing New Construction. The Administration objects to the Committee's providing \$817.4 million for Public and Indian housing development. Public housing new construction costs twice as much as rental assistance (rental certificates, housing vouchers) and offers less choice. The President's Budget would fund Indian housing units through a set-aside of \$125 million in the new HOME grant program. The HOME set-aside would provide more flexibility to Indian tribes to develop housing programs that they believe are most effective. Tenant-based housing vouchers, which utilize existing private housing, can provide housing at less cost and with more choice to tenants.

Subsidized Housing -- Contract Amendments. The Committee provides only \$1.3 billion for contract amendments, \$1.2 billion less than requested in the President's Budget. This underfunding may jeopardize HUD's ability to assure adequate funding to all Section 8 contracts. In addition, this underfunding would need to be made up through additional budget authority in future years.

Subsidized Housing -- Elderly and Handicapped New Construction. The Committee provides nearly \$1.3 billion, \$1 billion more than requested by the Administration.

Public Housing Operating Subsidies. The Administration objects to the Committee bill's funding level of \$2.5 billion for public housing operating subsidies, a \$344 million increase over the President's request. The

President's \$2.2 billion request would more than adequately cover the operating subsidy needs in FY 1992 for two reasons. First, utility costs are now projected to be less than those assumed in the FY 1992 Budget. Second, HUD estimates that a significant portion of the FY 1991 supplemental appropriation will be available for obligation in FY 1992.

Community Development Block Grants. The Committee bill provides \$450 million above the President's request for this program. The President's request should be more than sufficient given the start-up of the new HOME program.

Shelter Plus Care: Homeless Rental Housing Assistance. In its provision of funding for the Shelter Plus Care: Section 8 moderate rehabilitation, single room occupancy, and section 202 initiatives, the Committee bill recognizes the importance of these programs in providing help to the homeless. However, the bill fails to fund the Shelter Plus Care Homeless Rental Housing Assistance program and, in doing so, frustrates HUD's strategy to meet the varied needs among the homeless. In particular, the tenant-based assistance established by Homeless Rental Housing Assistance would add a critical degree of flexibility in assisting those who not only lack a stable living environment, but are also burdened by physical or mental afflictions.

Federal Emergency Management Agency (FEMA)

Emergency Management and Planning Assistance. The Administration objects to the \$8 million increase above the requested level. Over 80 percent of the increase is earmarked for activities benefitting specific localities. There is no rationale provided for the funding of these earmarked projects to indicate that their needs are either more urgent than the needs of other localities or that they make more programmatic sense than other requirements.

Department of Veterans Affairs (VA)

Medical Care. The Committee-reported bill includes an unnecessary \$336 million increase above the President's request for VA medical care. Most of this increase is attributable to personnel costs, such as physician pay, and unrequested program enhancements, such as increased nursing staff. Any increases in personnel costs in VA medical care can be accommodated within the 7.5-percent

increase over the FY 1991 level that was requested by the Administration for FY 1992. It is the Administration's view that the additional funds for program enhancements included in the Committee bill are simply not justified at this time.

General Operating Expenses. The Committee provides \$39 million above the President's request for the General Operating Expenses and National Cemetery System accounts, and designates \$14 million as emergency funding. If the additional \$14 million were needed, it would not be classified as an emergency because FY 1992 needs can be foreseen and funded now. However, these funds and other additional funding provided by the Committee are not necessary. The President's request is adequate to process veterans' claims, including claims of veterans returning from Operation Desert Storm. Changes in DoD's discharge policies and eligibility changes enacted in the Omnibus Budget Reconciliation Act of 1990 have reduced the workload that will be carried over from FY 1991 to FY 1992. These reductions would offset any potential increases in workload due to Operation Desert Storm.

Construction, Major Projects. The Administration supports the Committee action to delete three unrequested projects (\$72 million) added by the House and objects to the Committee's addition of \$7.3 million for design of a major clinical addition in Reno, Nevada.

Environmental Protection Agency (EPA)

Construction Grants. The Administration strongly objects to the deletion of \$300 million requested for high priority coastal secondary treatment facilities. These facilities are needed to solve significant water quality problems. Finally, the Administration objects to deletion of funding to treat Tijuana sewage. This funding is authorized under Section 510 of the Water Quality Act of 1987, and is necessary to fulfill U.S. commitments to Mexico.

Operating Program. The President's request includes a \$191 million, or eight-percent, increase over FY 1991 for EPA's Operating programs (Salaries and expenses, Abatement, control and compliance, Research and development, and Buildings and facilities) to fund Clean Air Act implementation and initiatives such as Great Lakes cleanup. Despite an overall increase of \$67 million over the President's request, the Committee provides less funding than requested for several

priority activities, including the President's initiatives on Coastal America and the U.S. Global Climate Change Research Program. The Administration opposes the addition of numerous special interest projects included in the Committee bill for activities that are primarily State and local responsibilities (e.g., implementation of the non-point source program, and asbestos loans and grants).

Superfund. The Administration agrees fully with the Committee that direct site cleanup and enforcement efforts should receive top priority for funding within Superfund and appreciates the Committee's full funding of the President's request of \$896 million for direct site cleanup. However, the Administration objects to the Committee's reallocation of an additional \$50 million from critical-site cleanup work to fund low-priority activities. The reduction of \$134 million in the total Superfund program could make it extremely difficult to administer the program.

Office of Science and Technology Policy

Critical Technologies Institute. The Administration urges the Senate to delete the \$5 million provided for the Critical Technologies Institute. The Administration has underway a number of initiatives to assist critical technologies, including a major FY 1992 budget initiative in High Performance Computing and Communications, R&D budget crosscuts of materials R&D and biotechnology, and a planning effort for increased government/private sector collaboration in advanced manufacturing R&D. The FY 1991 Department of Defense Appropriations Act provided \$5 million for the Institute. These funds have not yet been obligated or expended.

National Aeronautics and Space Administration (NASA)

The Committee has provided \$32 million of the requested \$94 million for exploration science, technology and mission studies, and \$50 million of the requested \$175 million for the New Launch System. The Administration believes that these levels represent the minimum levels necessary to sustain progress in these areas.

Research and Development. Although the Committee bill provides an increase of \$17 million for commercial space programs, the funding level is insufficient to meet the projected requirements. This would require a

significant restructuring of the program, resulting in delay or termination of several innovative commercial space ventures. Even more importantly, this could have a chilling effect on the ability and desire of the private sector to enter into any new long-term commitments for commercial space ventures. In addition, the Administration objects to the Committee's changes to the House language on multi-year contracts for commercial space ventures. While the Administration does not object to language that would require inclusion of specific contracts in appropriations acts, it does object to the Committee's change that would limit NASA's flexibility to enter into such contacts outside of the appropriations cycle.

National Science Foundation (NSF)

Academic Research Facilities and Instrumentation Program. The Administration strongly urges that the \$46 million provided in this account is used to support investments in research instrumentation. The need for high cost scientific instruments is severe and is growing more so each year. The Federal Government already provides over \$1 billion per year for academic research facilities through the recovery of use charges and operations and maintenance expenses included in indirect cost recovery payments. It is the Administration's view that this is the proper way to fund academic research facilities. The Administration understands that universities have not always invested these payments for renovation and modernization of buildings and equipment, and has proposed changes in the rules governing indirect costs to address this situation.

Traineeships. The Administration opposes \$20 million that the Committee has included for a new program of graduate traineeships. The traineeship programs apparently are justified by concerns over possible "shortages;" however, serious questions have recently been raised about the validity of these alleged "shortages." The Senate is urged not to provide funding for this lower-priority program.

Research and Related Activities. The Senate is urged to delete earmarking of funds within Research and Related Activities. These earmarks, totaling \$25 million, are not generally oriented toward increasing direct support of principal investigators in high-priority areas of research, which was a major goal of the President's request.

B. Language Provisions

Environmental Protection Agency

User Fees. The Administration objects to the Committee's failure to include language proposed in the President's Budget that would allow user fees deposited in the Environmental Services Fund to be used to finance the programs for which the fees are collected. This language is consistent with -- and needed to fully implement -- the EPA fee provisions in the Omnibus Budget Reconciliation Act of 1990. Further, it would provide an incentive for quick establishment of the fees and ensure that they are used to support the programs for which the fees are charged.

Lead Regulations. EPA is currently implementing an aggressive lead strategy in coordination with HHS, HUD, and OSHA. The Committee bill would require a range of new lead abatement, training, and certification activities that would significantly expand EPA's authorities in this area. A proposal of this magnitude should be subject to a more comprehensive review and discussion with all interested and affected parties.

Personnel Earmarking. The Administration opposes the Committee's stipulation of specific staffing levels for various EPA headquarters offices. Congressional micromanagement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The Administration urges the Senate to delete this provision.

Department of Housing and Urban Development

Administrative Provisions. The Administration objects to a number of provisions of the Committee bill that would forgive certain repayments and loans to HUD, and would transfer HUD-owned property free-of-charge. These provisions would allow the cities of Malden and Newburyport, Massachusetts; Jefferson City, Missouri; and New London, Connecticut to retain land disposition proceeds; would allow Calhoun Falls, South Carolina and Soddy Dalsey, Tennessee to avoid repaying public facilities loans; and would title a HUD-repossessed property to Davenport, Iowa free-of-charge. These provisions would set an undesirable precedent as other communities could seek similar exceptions to HUD program requirements.

Section 8 Fees for Certificates and Vouchers. The Administration opposes the provision in the Committee bill that would raise administrative fees paid to local housing authorities from 7.65 percent to 8.2 percent. Research by GAO and HUD has determined that the current fee of 7.65 percent is sufficient to cover the costs of local housing authorities.

Departmental Management. The Committee bill sets maximum ceilings on staffing within 10 offices in HUD's Washington headquarters, which range from a low of 13 staff to a high of 1,068. The bill would prohibit details of any HUD employees to augment the staff of Departmental Management. These prescriptive and limiting provisions would hamper the efforts of the Secretary and his staff to manage the Department and to respond quickly and flexibly to emerging problems. The Administration strongly opposes these limitations.

Department of Veterans Affairs

Medical Care. The Administration supports the Committee in its deletion of House language that would restrict funds to be used only for personnel. However, the Committee would require that VA comply with regulations to be issued by HHS pursuant to the Clinical Laboratory Improvement Amendments (CLIA) of 1988. VA and HHS are working together to ensure that VA's laboratories meet the goals of CLIA. Therefore, this language is unnecessary.

National Aeronautics and Space Administration (NASA)

Research and Program Management. The Administration urges the Senate to delete the limitations on staffing levels for NASA Headquarters offices. These limitations unacceptably constrain NASA's ability to make necessary organizational changes to manage efficiently its resources. Further, they make no provisions for personnel details such as training or short-term critical assignments.

Federal Emergency Management Agency (FEMA)

FEMA User Fees. The Committee bill fails to include requested language to allow the full recovery of costs associated with FEMA's Radiological Emergency Preparedness program from operators of nuclear power facilities.

Consumer Product Safety Commission (CPSC)

Private industry currently receives CPSC advice, expertise, and safety "certification" free-of-charge. The President's FY 1992 Budget proposes to begin to recover the costs of these services through user fees. The budget proposal follows the directive in the recent CPSC reauthorization (P.L. 101-608) that the CPSC should conduct a one-year study on the feasibility of user fees. It is the Administration's view that, in failing to adopt proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of Federal services. The Administration urges the Senate to adopt the proposed user fee language.



June 6, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2519 -- VA/HUD AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1992

(Sponsors: Whitten (D), Mississippi; Traxler (D), Michigan)

This Statement of Administration Policy expresses the Administration's views on the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, as reported by the Committee. The Administration objects in the strongest terms to the termination of the Space Station and the funding of excessive public housing subsidies instead of HOPE. If these objections are not addressed in the bill presented to the President, his senior advisers would recommend that the bill be vetoed.

Space Station

The Administration strongly urges the House to adopt an amendment to be offered by Congressmen Chapman and Lowery to fund Space Station Freedom, with appropriate offsets.

The Administration strongly objects to the Committee's proposed termination of Space Station Freedom. It is particularly disturbing that such an action should be proposed immediately following the completion by NASA of a comprehensive restructuring of the program, performed at the specific request of the Subcommittee. The restructuring met all of the criteria imposed by the Subcommittee, including limits on annual budgetary growth.

Space Station Freedom is a critical element in planned future space science and technology programs; it is a major contributor to long-term U.S. economic growth; and it is an important element in international cooperation in science and technology. It is a visible manifestation of the nation's commitment to investment in the future.

The United States has already invested over \$4 billion in the Space Station program. Our international partners have already invested over \$1 billion. If a program that has been supported by a bipartisan national consensus for the last seven years were now canceled, it would call into question our ability to execute any large, complex science and technology program. Other nations would rightly question our reliability as a partner in such ventures, which would have serious implications for cooperation on important projects in a number of other fields.

The Committee's action is tantamount to an abandonment of America's manned space program. The House is urged in the strongest terms to restore funding for Space Station Freedom.

HOPE and Housing Programs

The Administration strongly urges the House to adopt an amendment to be offered by Congressmen Kolbe and Espy that would reallocate housing funds for HOPE homeownership grants for public housing tenants.

The Administration strongly opposes the Committee's severe reduction in the President's requested funding for new housing programs, authorized in the Cranston-Gonzalez National Affordable Housing Act -- especially HOPE homeownership grants. Instead of supporting these new and innovative housing programs that give tenants a stake in their future, the Committee added \$1.4 billion above the President's request for the costly and ineffective housing construction programs that have been tried in the past. The 76 percent reduction in the President's request for HOPE grant funding, from \$865 million to \$210 million, would deny thousands of low-income families the opportunity to become homeowners.

The Administration objects to the Committee's funding level of \$2.4 billion for public housing operating subsidies, a \$250 million increase over the President's request. The President's \$2.2 billion request will more than adequately cover the operating subsidy needs in FY 1992 for two reasons. First, utility costs are now projected to be substantially less than those assumed in the FY 1992 Budget. Second, HUD estimates that a significant portion of the FY 1991 supplemental appropriation will be available for obligation in FY 1992.

Chief Financial Officers Act

The Administration strongly opposes section 519, which would bar the use of funds appropriated in the VA, HUD and Independent Agencies Appropriations Bill for the implementation of Public Law 101-576, the Chief Financial Officers Act of 1990. This law addresses long-standing Congressional and Administration concerns about financial management deficiencies in the Federal Government. These are deficiencies that must be corrected.

In passing the Chief Financial Officers Act (CFOs Act), the Congress found that "[b]illions of dollars...lost each year through fraud, waste, abuse, and mismanagement...could be significantly decreased by improved management." As a remedy, the CFOs Act (passed by voice vote without dissent): (1) strengthens management capabilities; (2) provides for improved accounting systems, financial management, and internal controls to assure reliable information and deterrence of fraud, waste, and abuse; and (3) provides for reliable financial information -- useful to Congress and the Executive Branch -- in financing, managing, and evaluating Federal programs. Implementation of the CFOs Act is essential to good government.

The House is respectfully urged to support Space Station Freedom and provide additional funding for HOPE homeownership grants. The Administration's other concerns with the Committee-reported bill are outlined in the attachment.

Attachment

June 6, 1991
(House Floor)

ADDITIONAL CONCERNS
H.R. 2519 -- VA/HUD AND INDEPENDENT AGENCIES
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Housing and Urban Development (HUD)

HOPE. The House Committee provides \$1.1 billion for HOPE, \$1 billion less than the President's request of \$2.1 billion. The largest share of the decrease is in the HOPE Homeownership Grants program, where only \$210 million of the \$865 million requested was provided. Moreover, the Committee mark provides no funds at all for the Secretary's highest HOPE priority -- public housing tenant ownership. The 76 percent reduction in HOPE grants funding will deny thousands of low-income families the opportunity to become homeowners. This opportunity, endorsed by the Congress last year in the Cranston-Gonzalez National Affordable Housing Act, should be given a chance to become reality with adequate funding.

HOME. The House Committee provides \$500 million for HOME grants, \$500 million less than the President's request of \$1 billion. HOME grants provide States and localities greater flexibility in meeting the housing needs of their low-income residents. Funding HOME at \$1 billion in FY 1992 would serve up to 70,000 families, and most of the assistance would be available within two years. These same funds in public housing new construction would create only about one-fifth as many new units some five years after the commitment of funds.

Subsidized Housing--Public Housing Modernization. The House Committee provides \$2.5 billion for public housing modernization, \$233 million more than the President's request. The President's request of \$2.3 billion represents a 28 percent increase over the average modernization funding level for the years 1988 through 1990. The 1991 level of \$2.5 billion has increased the substantial backlog of available but unspent modernization funds to around \$5 billion. Funding this program at \$2.5 billion in FY 1992 will only exacerbate an already excessive backlog.

Subsidized Housing--Public and Indian Housing New Construction. The Administration objects to providing \$732.3 million for Public and Indian housing development. Public housing new construction costs twice as much as rental assistance (rental certificates,

housing vouchers) with less choice. The President's Budget funds Indian housing units through a set-aside of \$125 million in the new HOME grant program. The HOME set-aside will provide more flexibility to Indian tribes to develop housing programs that they believe are most effective. Tenant-based housing vouchers, which utilize existing private housing, can provide housing at less cost and with more choice to tenants.

Subsidized Housing--Elderly and Handicapped New Construction. The Committee provides nearly \$797 million, \$542 million more than requested by the Administration. The Committee level does not assume any funding for these units through the less expensive and more flexible options of leasing of existing housing. The Administration proposed to fund approximately 3,000 units through leasing, for a total of 5,000 units.

Subsidized Housing. The earmarkings for various programs under the account, Annual Contributions for Assisted Housing, exceed the amount appropriated. The Committee covers the excess earmarking by assuming the reservation of \$216 million in previously appropriated funds, which would be carried over into FY 1992. Such carryovers have never been assumed in the past and are inappropriate. To the extent that the carryovers do not occur, the Administration would be required to make appropriate reductions below the specific funding earmarks included in bill language. Accordingly, the number of additional subsidized units and the size of the subsidized programs may turn out to be lower than the Committee forecasts in the bill.

Community Development Block Grants. The House Committee provides \$345 million above the President's 1992 Budget request for this program. The President's request should be more than sufficient, given the start up of the new HOME program.

Salaries and Expenses. The Committee has abandoned the traditional practice of funding all of HUD's staff costs, excluding the Inspector General, in a single large appropriation, totaling \$879 million. In lieu thereof, the Committee has straight jacketed HUD with separate appropriations for seven headquarters staff offices for personnel services and travel only, and a separate large appropriation of \$750 million for HUD's remaining expenses. These seven appropriations for headquarters staff offices (five of the seven are less than \$15 million) will severely limit the Secretary's ability to efficiently manage staff and to quickly reallocate staff to respond to unexpected demands. For example, the recent HUD scandals demanded quick action including reallocation of staff. Under the Committee appropriation structure, the Secretary could not have responded in a timely manner to the unfolding events.

The Administration asks the House to return to the traditional single appropriation for HUD staff that has worked effectively and efficiently in the past.

Office of the Inspector General. The House Committee cuts by \$1 million the President's request for the HUD Inspector General. This reduction will impede audits and investigations to identify and correct management and administrative deficiencies.

Department of Veterans Affairs (VA)

Medical Care. The bill includes an unnecessary \$265 million increase above the President's request for Department of Veterans Affairs (VA) medical care. Most of this increase is attributable to medical equipment, personnel costs, such as physician pay, and unrequested program enhancements, such as increased nursing staff. Any increases in personnel costs in VA medical care could be accommodated within the 7.5 percent increase over the FY 1991 level that was requested by the Administration for FY 1992.

Construction. The Administration strongly objects to the addition of \$72 million for three unrequested VA construction projects: \$16.8 million for design of a \$187.8 million clinical addition in Ann Arbor, Michigan; \$48.8 million for an ambulatory care facility in El Paso, Texas; and \$6.4 million for renovations in Tuscaloosa, Alabama. Funding these low-priority projects circumvents VA's orderly construction planning process. The Ann Arbor project, the second costly replacement project in southern Michigan in two years, would be constructed within 40 miles of the \$247 million replacement hospital in Detroit.

Parking Garages. The Administration objects to the addition of \$10.7 million for parking garages in Nashville, Tennessee, and Miami, Florida. The Committee's rejection of the budget proposal to reallocate FY 1990 funds from a 1,500-space garage in Detroit, Michigan to partially fund the Nashville parking garage disregards VA's current planning projections, which support a 1,250-space garage in Detroit. The 1,500-space parking garage in Detroit, MI, is not supported by VA's current planning projections. Moreover, funding unrequested, low-priority projects such as the Miami parking garage further circumvents VA's orderly construction planning process.

Inspector General. The Committee provides \$1.9 million less for VA's Inspector General than proposed in the President's FY 1992 budget. The Inspector General is required by statute to maintain an employment level of at least 417 FTE. In addition, the Inspector General's

office has been given the responsibility of overseeing the audit of VA's financial statements as required by the recently enacted Chief Financial Officers Act. The funding decrease jeopardizes the Inspector General's ability to carry out these and other responsibilities.

Environmental Protection Agency (EPA)

Superfund. The Administration objects to the Committee's reduction of \$100 million in the Superfund program and to the reallocation of an additional \$36 million from critical-site cleanup work to fund low-priority activities. These actions would undermine the Administration's efforts to accelerate cleanup of the nation's worst hazardous waste sites and would unnecessarily extend the risks posed by these sites to public health and the environment.

Construction Grants/Wastewater Treatment Grants. The Administration opposes the \$295 million increase for wastewater treatment grants because it exceeds the authorized level of funding. The President's request of \$1.8 billion to construct facilities to treat domestic sewage is consistent with the overall level authorized by the Water Quality Act of 1987, and would target \$300 million to cities with the largest remaining need. These targeted amounts are vital to the achievement of the Nation's water quality goals.

The Administration objects to the removal of \$51 million from the President's request to construct a plant to treat sewage discharges from Tijuana. The Administration is committed to addressing serious pollution problems along the U.S.-Mexican border. Tijuana's sewage is causing adverse public health affects in southern California that must be addressed on a priority basis.

Operating Program. The President's request included a \$191 million (8 percent) increase over FY 1991 for EPA's Operating programs (Salaries and expenses, Abatement, control and compliance, Research and development, and Buildings and facilities) to fund Clean Air Act implementation and initiatives such as Great Lakes cleanup. The additional \$162 million above the request is not necessary to carry out EPA's statutory mandates and would fund activities that are primarily state and local responsibilities (e.g., implementation of the non-point source program, and asbestos loans and grants). Particularly objectionable are the increases that would fund numerous low-priority and special-interest projects, such as expensive unwanted laboratories, at a time when the Committee is reducing funds for Superfund

cleanups. The Administration opposes the funding of special interests at the expense of the health and safety of Americans.

Dock Facilities in Bay City Michigan. The Administration strongly objects to the inclusion of \$20 million for dock facilities and other items in Bay City, Michigan. This hardly seems consistent with the mission of a regulatory agency charged with protecting human health and the environment.

National Aeronautics and Space Administration (NASA)

Earth Observation System. The Administration objects to earmarking \$25 million from Research and Development and \$3.4 million from Construction of Facilities for the Consortium for International Earth Science Information Network for work on the Earth Observing System (EOS) data and information system (EOSDIS). The amount earmarked from Research and development is 30 percent of the total funding available for the EOS data and information system -- the most critical element of the EOS program. Earmarking funding for this Consortium, based in Michigan, will have serious adverse effects on the current EOSDIS schedule and thereby delay achievement of the objectives of the broader U.S. Global Change Research Program.

Landsat. The Committee provides \$5 million for Landsat long lead parts. This would initiate a new, unrequested program in NASA at a time when other on-going programs, including Space Station, have few resources. No funds are required in FY 1992 for additional satellites, consistent with the expected lifetime of Landsat 6. The Administration is committed to maintaining the continuity of Landsat-type data, and is considering options for continuing Landsat-type data after Landsat 6, including how Landsat should be funded. Traditionally, Landsat has been funded by NOAA.

National Science Foundation (NSF)

Academic Research Instrumentation Program. The Administration objects to the deletion of funding proposed for the National Science Foundation's new Academic Research Instrumentation program. The Administration requested \$50 million for high cost scientific instruments. There is an enormous need for this high cost equipment in order to make continued progress in research in fields such as surface chemistry, materials synthesis and processing, and molecular biology. Breakthroughs in basic research in all of these fields have the potential to make long-lasting contributions to U.S. economic growth. The need

of researchers for access to state-of-the art instrumentation far outstrips the additional funding provided by the Committee for facilities renovation funds or for graduate traineeships.

Research Facilities Modernization. The Administration objects to the \$20 million provided by the Committee for a program to modernize academic research facilities. The Federal government is providing over \$1 billion per year to universities for facilities through use charges and operations and maintenance expenses included in indirect cost recovery payments. This is the proper way to fund academic research facilities. The Administration understands that universities have not always invested these payments for renovation and modernization of buildings and equipment, and has proposed changes in the rules governing indirect costs to address this situation.

Traineeships. The Administration opposes \$25 million included for a new program of graduate traineeships. The traineeship programs apparently are justified by concerns over possible "shortages"; however, serious questions have recently been raised about the validity of these alleged "shortages". The House is urged to delete funding for this low-priority program.

Salaries and Expenses. The Administration objects to the deletion of funds for NSF's relocation. NSF requested relocation from the General Services Administration (GSA) because its current location is inadequate both in terms of total space and support for NSF's activities (e.g., computer and electrical capability). GSA conducted a full and open competition and has executed a lease on a new facility for occupancy in 1993. Abrogating this lease will be extremely costly to the taxpayer.

The Points of Light Foundation. The Committee provides no funding for the Points of Light Foundation. The Foundation, a Presidential initiative, makes direct and consequential voluntary service aimed at serious social problems central to the life and work of every American. The House is urged to fund this program at the requested level of \$7.5 million.

National Institute of Building Sciences. The Administration opposes funding for this Institute. Consistent with the Institute's original authorizing legislation, it should continue to be self-supporting as it was in FY 1991.

B. Language Provisions

Environmental Protection Agency

User Fees. The Administration objects to the Committee's deletion of language included in the President's Budget that would allow user fees deposited in the Environmental Services Fund to be used to finance the programs for which the fees are collected. This language is consistent with -- and needed to fully implement -- the EPA fee provisions in the Omnibus Budget Reconciliation Act of 1990. Further, it would provide an incentive for quick establishment of the fees and ensure that they are used to support the programs for which the fees are charged.

Personnel Earmarking. The Administration opposes inclusion of specific staff levels for various EPA headquarters offices. Congressional micromangement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The House should delete this provision.

Leaking Underground Storage Tank Trust Fund (LUST). The Administration objects to report language earmarking \$1 million for a demonstration project in Iowa. The existing allocation system for LUST resources has worked well and the House should avoid the temptation to make this a pork barrel program.

Environmental Education Awards. The Administration requests the deletion of report language which would transfer from the Council on Environmental Quality (CEQ) to EPA the responsibility for the President's Awards for Excellence in Environmental Education. This transfer contradicts the National Environmental Education Act of 1990, which specifically designates CEQ as the administrator of the program.

Department of Housing and Urban Development

Administrative Provisions. The Administration objects to a number of provisions that forgive repayments and a loan to HUD. These provisions allow the cities of Malden and Newburyport, Massachusetts, Jefferson City, Missouri, Vallejo, California, and New London, Connecticut to retain land disposition proceeds, and allows Calhoun Falls, South Carolina to not repay its public facilities loan. These provisions set an undesirable precedent as other communities could seek similar exceptions to HUD program requirements.

Senior Executive Service Limits. Currently, HUD is authorized 28 noncareer positions in the Senior Executive Service. If the Department is limited to 15

noncareer positions in the Senior Executive Service, the Secretary's ability to respond to serious issues relating to HUD's mission will be severely impeded and will seriously impact HUD's management. This micromanagement of an Executive branch agency is inefficient, ineffective and inappropriate.

Department of Veterans Affairs

Medical Care. Language earmarking \$8.75 billion for personnel services within VA Medical Care infringes upon VA's executive management of the veterans' health care system and precludes the Department from utilizing medical funds in the most effective and efficient manner. This provision should be deleted.

Federal Emergency Management Agency (FEMA): National Insurance Development Fund. The bill would forgive Treasury borrowing incurred by the National Insurance Development Fund (Crime Insurance). This budget adjustment would not result in any savings. The House should delete this forgiveness of debt.

Consumer Product Safety Commission (CPSC). Private industry currently receives CPSC advice, expertise and safety "certification" free-of-charge. The President's FY 1992 Budget proposes to begin to recover the costs of these services through user fees. The budget proposal follows the directive in the recent CPSC reauthorization (P.L. 101-608) that the CPSC should conduct a one-year study on the feasibility of user fees. In failing to adopt proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of federal services.

C. Scoring

Scorekeeping Adjustments. Based on preliminary analysis, OMB's scoring of the bill shows that total budget authority would be \$302 million above the 602(b) allocation. This results from three scorekeeping adjustments:

- o \$273 million of this increase is in discretionary receipts for GNMA's mortgage-backed securities program. The Committee assumes that this program makes a profit for the Government; the President's Budget assumes that the fees charged to the users of the program cover its cost;
- o \$14 million is for VA incremental costs of Operation Desert Shield/Desert Storm that the Committee declared an emergency. These monies would continue to fund additional staff through FY 1992 for claims processing and transition assistance that was

provided in the FY 1991 emergency supplemental. The President's Budget assumes there would be an increase in the number of new veterans as a result of the planned reduction of active military strength. Therefore, additional funding is not needed and would not be designated as an emergency; and,

- o \$17 million for medical cost recovery that would result in an increase in spending. The Committee added a limitation that would allow VA to use collections above the level projected in the President's Budget.

VA, HUD, INDEPENDENT AGENCIES, FY 1992
(in millions of dollars)

Major Programs	1991		1992		House		House		House	
	Enacted 1/	BA OL	Request 2/	BA OL	Committee	BA OL	Enacted	BA OL	Request	BA OL
Housing and Urban Development:	16,910	14,225	16,016	15,801	16,838	15,821	-72	1,595	822	19
Subsidized housing programs.....	---	---	---	---	---	---	---	---	---	---
HOPE Grants.....	---	---	---	---	---	---	---	---	---	---
General and special risk program account.....	268	62	244	225	244	225	-24	163	---	---
Shelter plus care.....	---	---	91	4	87	4	87	4	-3	---
Flexible subsidy fund.....	---	26	203	102	203	102	203	76	---	---
Payments for the operation of low-income housing.....	2,175	2,047	2,156	2,190	2,406	2,305	231	258	250	115
Drug elimination grants for low-income.....	150	0	165	76	165	76	15	75	---	---
Community development grants.....	3,205	3,073	2,920	3,099	3,265	3,113	60	40	345	14
Emergency shelter grants.....	73	67	71	73	71	73	-2	6	---	---
HOME Block Grant.....	---	---	1,000	20	500	10	500	10	-500	-10
Management and Administration.....	459	429	479	474	478	474	20	45	-1	-0
Other HUD.....	160	1,339	319	1,331	277	1,328	117	-10	-43	-3
Subtotal, HUD.....	23,400	21,269	24,530	23,394	24,745	23,530	1,345	2,261	215	135
Veterans Affairs:	12,335	12,123	13,260	13,014	13,552	13,231	1,217	1,109	292	217
Medical Care.....	2,011	1,772	1,893	1,738	2,048	1,807	37	35	155	70
Other VA.....	14,346	13,894	15,154	14,752	15,600	15,039	1,254	1,144	446	287
NASA:	2,212	2,223	2,452	2,417	2,427	2,396	215	173	-25	-22
Research & Program Management.....	5,124	5,184	5,576	5,454	5,618	5,483	493	299	42	29
Space Flight, Control & Data Comm.....	498	363	480	445	399	440	-99	77	-82	-5
Construction of Facilities.....	6,024	5,718	7,199	6,389	5,195	5,371	-829	-348	-2,004	-1,019
Research & Development.....	11	10	15	14	13	13	2	3	-2	-1
Other NASA.....	13,868	13,497	15,721	14,719	13,651	13,702	-217	205	-2,070	-1,018
Subtotal, NASA.....	13,868	13,497	15,721	14,719	13,651	13,702	-217	205	-2,070	-1,018

DOMESTIC DISCRETIONARY

VA, HUD, INDEPEN. JT AGENCIES, FY 1992
(in millions of dollars)

05-Jun-91

05:39 PM

Major Programs	1991		1992		House		House Difference from:			
	Enacted 1/		President's		Committee		Enacted		Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
FEMA:										
Disaster Relief.....	---	822	184	356	184	356	184	-466	---	---
Other FEMA.....	255	330	229	292	271	334	16	4	42	42
Subtotal, FEMA.....	255	1,152	414	648	456	690	201	-462	42	42
EPA:										
Construction Grants.....	2,100	2,353	1,900	2,194	2,195	2,199	95	-154	295	5
Hazardous Substance Response Trust Fund (Superfund).....	1,616	1,361	1,750	1,514	1,650	1,493	34	132	-100	-21
Salaries & expenses.....	975	922	1,090	1,062	1,090	1,062	115	140	---	---
Research & Development.....	255	253	313	276	334	284	79	31	21	8
Abatement, Control & Compliance.....	979	865	1,020	893	1,134	939	155	73	114	46
Other EPA.....	157	131	139	148	164	153	8	23	25	5
Subtotal, EPA.....	6,081	5,884	6,212	6,087	6,567	6,129	486	245	355	42
National Science Foundation.....	2,316	2,098	2,722	2,416	2,722	2,396	406	298	-0	-20
Resolution Trust Corporation.....	11	11	30	30	30	30	20	19	---	---
Other Independent Agencies.....	172	-43	132	111	121	102	-51	145	-11	-9
Total Domestic Discretionary.....	60,449	57,762	64,915	62,157	63,891	61,617	3,442	3,855	-1,023	-541
DEFENSE DISCRETIONARY										
FEMA.....	308	310	310	312	310	312	2	2	---	---
All Other.....	27	26	27	27	27	27	1	1	---	---
Total Defense Discretionary.....	335	336	337	339	337	339	3	2	---	---
TOTAL DISCRETIONARY.....	60,784	58,098	65,252	62,496	64,229	61,956	3,445	3,857	-1,023	-541

Note: Detail may not add to totals due to rounding.

1/ FY 1991 enacted includes credit reform adjustments for comparability with FY 1992.

2/ FY 1992 President's request includes legislative proposals.

602(b) Allocations:	BA	OL
Defense Discretionary	338	339
Domestic Discretionary	63,590	61,390



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 5, 1991 (SENT)
(House Rules)

(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

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HOPE. The House Committee provides \$1.1 billion for HOPE, \$1 billion less than the President's request of \$2.1 billion. The largest share of the decrease is in the HOPE Homeownership Grants program, where only \$210 million of the \$865 million requested was provided. Moreover, the Committee mark provides no funds at all for the Secretary's highest HOPE priority -- public housing tenant ownership. The 76 percent reduction in HOPE grants funding will deny thousands of low-income families the opportunity to become homeowners. This opportunity, endorsed by the Congress last year in the Cranston-Gonzalez National Affordable Housing Act, should be given a chance to become reality with adequate funding.

HOME. The House Committee provides \$500 million for HOME grants, \$500 million less than the President's request of \$1 billion. HOME grants provide States and localities greater flexibility in meeting the housing needs of their low-income residents. Funding HOME at \$1 billion in FY 1992 would serve up to 70,000 families, and most of the assistance would be available within two years. These same funds in public housing new construction would create only about one-fifth as many new units some five years after the commitment of funds.

Subsidized Housing--Public Housing Modernization. The House Committee provides \$2.5 billion for public housing modernization, \$233 million more than the President's request. The President's request of \$2.3 billion represents a 28 percent increase over the average modernization funding level for the years 1988 through 1990. The 1991 level of \$2.5 billion has increased the substantial backlog of available but unspent modernization funds to around \$5 billion. Funding this program at \$2.5 billion in FY 1992 will only exacerbate an already excessive backlog.

Subsidized Housing--Public and Indian Housing New Construction. The Administration objects to providing \$732.3 million for Public and Indian housing development. Public housing new construction costs twice as much as rental assistance (rental certificates, housing vouchers) with less choice. The President's

Budget funds Indian housing units through a set-aside of \$125 million in the new HOME grant program. The HOME set-aside will provide more flexibility to Indian tribes to develop housing programs that they believe are most effective. Tenant-based housing vouchers, which utilize existing private housing, can provide housing at less cost and with more choice to tenants.

Subsidized Housing--Elderly and Handicapped New Construction. The Committee provides nearly \$797 million, \$542 million more than requested by the Administration. The Committee level does not assume any funding for these units through the less expensive and more flexible options of leasing of existing housing. The Administration proposed to fund approximately 3,000 units through leasing, for a total of 5,000 units.

Subsidized Housing. The earmarkings for various programs under the account, Annual Contributions for Assisted Housing, exceed the amount appropriated. The Committee covers the excess earmarking by assuming the reservation of \$216 million in previously appropriated funds, which would be carried over into FY 1992. Such carryovers have never been assumed in the past and are inappropriate. To the extent that the carryovers do not occur, the Administration would be required to make appropriate reductions below the specific funding earmarks included in bill language. Accordingly, the number of additional subsidized units and the size of the subsidized programs may turn out to be lower than the Committee forecasts in the bill.

Community Development Block Grants. The House Committee provides \$345 million above the President's 1992 Budget request for this program. The President's request should be more than sufficient, given the start up of the new HOME program.

Salaries and Expenses. The Committee has abandoned the traditional practice of funding all of HUD's staff costs, excluding the Inspector General, in a single large appropriation, totaling \$879 million. In lieu thereof, the Committee has straight jacketed HUD with separate appropriations for seven headquarters staff offices for personnel services and travel only, and a separate large appropriation of \$750 million for HUD's remaining expenses. These seven appropriations for headquarters staff offices (five of the seven are less than \$15 million) will severely limit the Secretary's ability to efficiently manage staff and to quickly reallocate staff to respond to unexpected demands. For example, the recent HUD scandals demanded quick action including reallocation of staff. Under the Committee appropriation structure the Secretary could not have responded in a timely manner to the unfolding events.

The Administration asks the House to return to the traditional single appropriation for HUD staff that has worked effectively and efficiently in the past.

Office of the Inspector General. The House Committee cuts by \$1 million the President's request for the HUD Inspector General. This reduction will impede audits and investigations to identify and correct management and administrative deficiencies.

Department of Veterans Affairs (VA)

Medical Care. The bill includes an unnecessary \$265 million increase above the President's request for Department of Veterans Affairs (VA) medical care. Most of this increase is attributable to medical equipment, personnel costs, such as physician pay, and unrequested program enhancements, such as increased nursing staff. Any increases in personnel costs in VA medical care could be accommodated within the 7.5 percent increase over the FY 1991 level that was requested by the Administration for FY 1992.

Construction. The Administration strongly objects to the addition of \$72 million for three unrequested VA construction projects: \$16.8 million for design of a \$187.8 million clinical addition in Ann Arbor, Michigan; \$48.8 million for an ambulatory care facility in El Paso, Texas; and \$6.4 million for renovations in Tuscaloosa, Alabama. Funding these low-priority projects circumvents VA's orderly construction planning process. The Ann Arbor project, the second costly replacement project in southern Michigan in two years, would be constructed within 40 miles of the \$247 million replacement hospital in Detroit.

Parking Garages. The Administration objects to the addition of \$10.7 million for parking garages in Nashville, Tennessee, and Miami, Florida. The Committee's rejection of the budget proposal to reallocate FY 1990 funds from a 1,500-space garage in Detroit, Michigan to partially fund the Nashville parking garage disregards VA's current planning projections, which support a 1,250-space garage in Detroit. The 1,500-space parking garage in Detroit, MI, is not supported by VA's current planning projections. Moreover, funding unrequested, low-priority projects such as the Miami parking garage further circumvents VA's orderly construction planning process.

Inspector General. The Committee provides \$1.9 million less for VA's Inspector General than proposed in the President's FY 1992 budget. The Inspector General is required by statute to maintain an employment level of at least 417 FTE. In addition, the Inspector General's

office has been given the responsibility of overseeing the audit of VA's financial statements as required by the recently enacted Chief Financial Officers Act. The funding decrease jeopardizes the Inspector General's ability to carry out these and other responsibilities.

Environmental Protection Agency (EPA)

Superfund. The Administration objects to the Committee's reduction of \$100 million in the Superfund program and to the reallocation of an additional \$36 million from critical-site cleanup work to fund low-priority activities. These actions would undermine the Administration's efforts to accelerate cleanup of the nation's worst hazardous waste sites and would unnecessarily extend the risks posed by these sites to public health and the environment.

Construction Grants/Wastewater Treatment Grants. The Administration opposes the \$295 million increase for wastewater treatment grants because it exceeds the authorized level of funding. The President's request of \$1.8 billion to construct facilities to treat domestic sewage is consistent with the overall level authorized by the Water Quality Act of 1987, and would target \$300 million to cities with the largest remaining need. These targeted amounts are vital to the achievement of the Nation's water quality goals.

The Administration objects to the removal of \$51 million from the President's request to construct a plant to treat sewage discharges from Tijuana. The Administration is committed to addressing serious pollution problems along the U.S.-Mexican border. Tijuana's sewage is causing adverse public health affects in southern California that must be addressed on a priority basis.

Operating Program. The President's request included a \$191 million (8 percent) increase over FY 1991 for EPA's Operating programs (Salaries and expenses, Abatement, control and compliance, Research and development, and Buildings and facilities) to fund Clean Air Act implementation and initiatives such as Great Lakes cleanup. The additional \$162 million above the request is not necessary to carry out EPA's statutory mandates and would fund activities that are primarily state and local responsibilities (e.g., implementation of the non-point source program, and asbestos loans and grants). Particularly objectionable are the increases that would fund numerous low-priority and special-interest projects, such as expensive unwanted laboratories, at a time when the Committee is reducing funds for

Superfund cleanups. The Administration opposes the funding of special interests at the expense of the health and safety of Americans.

Dock Facilities in Bay City Michigan. The Administration strongly objects to the inclusion of \$20 million for dock facilities and other items in Bay City, Michigan. This hardly seems consistent with the mission of a regulatory agency charged with protecting human health and the environment.

National Aeronautics and Space Administration (NASA)

Earth Observation System. The Administration objects to earmarking \$25 million from Research and Development and \$3.4 million from Construction of Facilities for the Consortium for International Earth Science Information Network for work on the Earth Observing System (EOS) data and information system (EOSDIS). The amount earmarked from Research and development is 30 percent of the total funding available for the EOS data and information system -- the most critical element of the EOS program. Earmarking funding for this Consortium, based in Michigan, will have serious adverse effects on the current EOSDIS schedule and thereby delay achievement of the objectives of the broader U.S. Global Change Research Program.

Landsat. The Committee provides \$5 million for Landsat long lead parts. This would initiate a new, unrequested program in NASA at a time when other on-going programs, including Space Station, have few resources. No funds are required in FY 1992 for additional satellites, consistent with the expected lifetime of Landsat 6. The Administration is committed to maintaining the continuity of Landsat-type data, and is considering options for continuing Landsat-type data after Landsat 6, including how Landsat should be funded. Traditionally, Landsat has been funded by NOAA.

National Science Foundation (NSF)

Academic Research Instrumentation Program. The Administration objects to the deletion of funding proposed for the National Science Foundation's new Academic Research Instrumentation program. The Administration requested \$50 million for high cost scientific instruments. There is an enormous need for this high cost equipment in order to make continued progress in research in fields such as surface chemistry, materials synthesis and processing, and molecular biology. Breakthroughs in basic research in all of these fields have the potential to make long-lasting contributions to U.S. economic growth. The need

of researchers for access to state-of-the art instrumentation far outstrips the additional funding provided by the Committee for facilities renovation funds or for graduate traineeships.

Research Facilities Modernization. The Administration objects to the \$20 million provided by the Committee for a program to modernize academic research facilities. The Federal government is providing over \$1 billion per year to universities for facilities through use charges and operations and maintenance expenses included in indirect cost recovery payments. This is the proper way to fund academic research facilities. The Administration understands that universities have not always invested these payments for renovation and modernization of buildings and equipment, and has proposed changes in the rules governing indirect costs to address this situation.

Traineeships. The Administration opposes \$25 million included for a new program of graduate traineeships. The traineeship programs apparently are justified by concerns over possible "shortages"; however, serious questions have recently been raised about the validity of these alleged "shortages". The House is urged to delete funding for this low-priority program.

Salaries and Expenses. The Administration objects to the deletion of funds for NSF's relocation. NSF requested relocation from the General Services Administration (GSA) because its current location is inadequate both in terms of total space and support for NSF's activities (e.g., computer and electrical capability). GSA conducted a full and open competition and has executed a lease on a new facility for occupancy in 1993. Abrogating this lease will be extremely costly to the taxpayer.

The Points of Light Foundation. The Committee provides no funding for the Points of Light Foundation. The Foundation, a Presidential initiative, makes direct and consequential voluntary service aimed at serious social problems central to the life and work of every American. The House is urged to fund this program at the requested level of \$7.5 million.

National Institute of Building Sciences. The Administration opposes funding for this Institute. Consistent with the Institute's original authorizing legislation, it should continue to be self-supporting as it was in FY 1991.

B. Language Provisions

Environmental Protection Agency

User Fees. The Administration objects to the Committee's deletion of language included in the President's Budget that would allow user fees deposited in the Environmental Services Fund to be used to finance the programs for which the fees are collected. This language is consistent with -- and needed to fully implement -- the EPA fee provisions in the Omnibus Budget Reconciliation Act of 1990. Further, it would provide an incentive for quick establishment of the fees and ensure that they are used to support the programs for which the fees are charged.

Personnel Earmarking. The Administration opposes inclusion of specific staff levels for various EPA headquarters offices. Congressional micromanagement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The House should delete this provision.

Leaking Underground Storage Tank Trust Fund (LUST). The Administration objects to report language earmarking \$1 million for a demonstration project in Iowa. The existing allocation system for LUST resources has worked well and the House should avoid the temptation to make this a pork barrel program.

Environmental Education Awards. The Administration requests the deletion of report language which would transfer from the Council on Environmental Quality (CEQ) to EPA the responsibility for the President's Awards for Excellence in Environmental Education. This transfer contradicts the National Environmental Education Act of 1990, which specifically designates CEQ as the administrator of the program.

Department of Housing and Urban Development

Administrative Provisions. The Administration objects to a number of provisions that forgive repayments and a loan to HUD. These provisions allow the cities of Malden and Newburyport, Massachusetts, Jefferson City, Missouri, Vallejo, California, and New London, Connecticut to retain land disposition proceeds, and allows Calhoun Falls, South Carolina to not repay its public facilities loan. These provisions set an undesirable precedent as other communities could seek similar exceptions to HUD program requirements.

Senior Executive Service Limits. Currently, HUD is authorized 28 noncareer positions in the Senior Executive Service. If the Department is limited to 15

noncareer positions in the Senior Executive Service, the Secretary's ability to respond to serious issues relating to HUD's mission will be severely impeded and will seriously impact HUD's management. This micromanagement of an Executive branch agency is inefficient, ineffective and inappropriate.

Department of Veterans Affairs

Medical Care. Language earmarking \$8.75 billion for personnel services within VA Medical Care infringes upon VA's executive management of the veterans' health care system and precludes the Department from utilizing medical funds in the most effective and efficient manner. This provision should be deleted.

Federal Emergency Management Agency (FEMA): National Insurance Development Fund. The bill would forgive Treasury borrowing incurred by the National Insurance Development Fund (Crime Insurance). This budget adjustment would not result in any savings. The House should delete this forgiveness of debt.

Consumer Product Safety Commission (CPSC). Private industry currently receives CPSC advice, expertise and safety "certification" free-of-charge. The President's FY 1992 Budget proposes to begin to recover the costs of these services through user fees. The budget proposal follows the directive in the recent CPSC reauthorization (P.L. 101-608) that the CPSC should conduct a one-year study on the feasibility of user fees. In failing to adopt proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of federal services.

C. Scoring

Scorekeeping Adjustments. Based on preliminary analysis, OMB's scoring of the bill shows that total budget authority would be \$301 million above the 602(b) allocation. This results from three scorekeeping adjustments:

- o \$273 million of this increase is in discretionary receipts for GNMA's mortgage-backed securities program. The Committee assumes that this program makes a profit for the Government; the President's Budget assumes that the fees charged to the users of the program cover its cost;
- o \$14 million is for VA incremental costs of Operation Desert Shield/Desert Storm that the Committee declared an emergency. These monies would continue to fund additional staff through FY 1992 for claims processing and transition assistance that was

provided in the FY 1991 emergency supplemental. The President's Budget assumes there would be an increase in the number of new veterans as a result of the planned reduction of active military strength. Therefore, additional funding is not needed and would not be designated as an emergency; and,

- o \$17 million for medical cost recovery that would result in an increase in spending. The Committee added a limitation that would allow VA to use collections above the level projected in the President's Budget.

VA, HUD, INDEPEN AGENCIES, 1992
 DEFENSE AND DISC. ONARY SPENDING
 (in millions of dollars)

- Jun - 91
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Major Programs DISCRETIONARY SPENDING	1991		1992		House		House Difference from			
	Enacted 1/		President's		Committee		Enacted		Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
DOMESTIC SPENDING:										
Housing and Urban Development:										
Subsidized housing programs.....	16,910	14,225	16,016	15,801	16,838	15,821	-72	1,595	822	19
HOPE Grants.....	---	---	865	---	210	---	210	---	-655	---
General and special risk program account.....	268	62	244	225	244	225	-24	163	---	---
Shelter plus care.....	---	---	91	4	87	4	87	4	-3	---
Flexible subsidy fund.....	---	26	203	102	203	102	203	76	---	---
Payments for the operation of low-income housing.....	2,175	2,047	2,156	2,190	2,406	2,305	231	258	250	115
Drug elimination grants for low-income housing	150	0	165	76	165	76	15	75	---	---
Community development grants.....	3,205	3,073	2,920	3,099	3,265	3,113	60	40	345	14
Emergency shelter grants.....	73	67	71	73	71	73	-2	6	---	---
HOME Block Grant.....	---	---	1,000	20	500	10	500	10	-500	-10
Management and Administration.....	459	429	479	474	478	474	20	45	-1	-0
Other HUD.....	160	1,339	319	1,331	277	1,328	117	-10	-43	-3
Subtotal, HUD.....	23,400	21,269	24,530	23,394	24,745	23,530	1,345	2,261	215	135
Veterans Affairs:										
Medical Care.....	12,335	12,123	13,260	13,014	13,552	13,231	1,217	1,109	292	217
Other VA.....	2,011	1,772	1,893	1,738	2,048	1,807	37	35	155	70
Subtotal, VA.....	14,346	13,894	15,154	14,752	15,600	15,039	1,254	1,144	446	287
NASA:										
Research & Program Management.....	2,212	2,223	2,452	2,417	2,427	2,396	215	173	-25	-22
Space Flight, Control & Data Comm.....	5,124	5,184	5,576	5,454	5,618	5,483	493	299	42	29
Construction of Facilities.....	498	363	480	445	399	440	-99	77	-82	-5
Research & Development.....	6,024	5,718	7,199	6,389	5,195	5,371	-829	-348	-2,004	-1,019
Other NASA.....	11	10	15	14	13	13	2	3	-2	-1
Subtotal, NASA.....	13,868	13,497	15,721	14,719	13,651	13,702	-217	205	-2,070	-1,018

VA, HUD, INDEPEI AGENCIES, 1992
 DEFENSE AND DISCRETIONARY SPENDING
 (in millions of dollars)

1-Jun-91
 06:23 PM

Major Programs	1991 Enacted 1/		1992 President's Request 2/		House Committee		House Difference from Enacted Request				
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL	
	FEMA:										
Disaster Relief.....	---	822	184	356	184	356	184	-466	---	---	
Other FEMA.....	255	330	229	292	271	334	16	4	42	42	
Subtotal, FEMA.....	255	1,152	414	648	456	690	201	-462	42	42	
EPA:											
Construction Grants.....	2,100	2,353	1,900	2,194	2,195	2,199	95	-154	295	5	
Hazardous Substance Response Trust Fund (Superfund).....	1,616	1,361	1,750	1,514	1,650	1,493	34	132	-100	-21	
Salaries & expenses.....	975	922	1,090	1,062	1,090	1,062	115	140	---	---	
Research & Development.....	255	253	313	276	334	284	79	31	21	8	
Abatement, Control & Compliance.....	979	865	1,020	893	1,134	939	155	73	114	46	
Other EPA.....	157	131	139	148	164	153	8	23	25	5	
Subtotal, EPA.....	6,081	5,884	6,212	6,087	6,567	6,129	486	245	355	42	
National Science Foundation.....	2,316	2,098	2,722	2,416	2,722	2,396	406	298	-0	-20	
Resolution Trust Corporation.....	11	11	30	30	30	30	20	19	---	---	
Other Independent Agencies.....	172	-43	132	111	121	102	-51	145	-11	-9	
TOTAL DOMESTIC SPENDING.....	60,449	57,762	64,915	62,157	63,891	61,617	3,442	3,855	-1,023	-541	
DEFENSE SPENDING											
FEMA.....	308	310	310	312	310	312	2	2	---	---	
All Other.....	27	26	27	27	27	27	1	1	---	---	
TOTAL DEFENSE SPENDING.....	335	336	337	339	337	339	3	2	---	---	
TOTAL DISCRETIONARY SPENDING.....	60,784	58,098	65,252	62,496	64,229	61,956	3,445	3,857	-1,023	-541	

Note: Detail may not add to totals due to rounding.

1/ FY 1991 enacted includes credit reform adjustments for comparability with FY 1992.

2/ FY 1992 President's request includes legislative proposals.

602(b) Allocations:	BA	OL
Defense Discretionary	338	339
Domestic Discretionary	63,590	61,390



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

June 5, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2521 -- DEFENSE APPROPRIATIONS BILL, FY 1992

(Sponsors: Whitten (D), Mississippi; Murtha (D), Pennsylvania)

This Statement of Administration Policy expresses the Administration's views on H.R. 2521, the FY 1992 Defense Appropriations Bill, as reported by the House Appropriations Committee. The Administration strongly objects to language approved in Committee that would permit abortions to be performed at U.S. military health facilities overseas in cases other than when the life of the mother is endangered. The President has stated that he would veto any legislation presented to him with this provision.

Based on a preliminary review, the Administration finds the budget authority and outlay levels in the bill consistent with the statutory spending limits for national defense provided for in the Budget Enforcement Act of 1990. The bill, however, contains a number of objectionable provisions that would severely compromise national defense objectives. The President's senior advisers would recommend that the President veto the bill if it were presented to him with these provisions in their present form.

Of particular concern are the provisions to:

- o eliminate funding for continuation of B-2 Stealth bomber procurement, despite the importance of this system in maintaining strategic deterrence;
- o underfund the SDI program, which would terminate key elements of the Administration's initiative to provide global protection against limited nuclear strikes;
- o fund unrequested or low-priority programs, such as the V-22 aircraft and the F-14 fighter; and
- o prohibit reductions in Reserve and National Guard end-strength and force structure, which would cause imbalances in the total force structure.

The Committee-reported bill would increase funding in operations accounts for unrequested programs and reduce funding in slower spending investment accounts. Because this would otherwise increase outlays to a level above the discretionary cap, the bill makes certain appropriations unavailable for obligation until the last month of the fiscal year. These obligation limitations would distort the Administration's program priorities and require adjustments to the FY 1993 program to keep it within the discretionary outlay cap. The Administration urges the House to adopt the President's proposed spending priorities, which would provide for needed programs without resorting to obligation limitations.

The Administration strongly opposes the provision to prevent implementation of Public Law 101-576, the Chief Financial Officers Act of 1990. This law addresses long-standing Congressional and Administration concerns about financial management deficiencies in the Federal Government. These are deficiencies that must be corrected.

In passing the Chief Financial Officers Act (CFOs Act), the Congress found that "[b]illions of dollars...lost each year through fraud, waste, abuse, and mismanagement...could be significantly decreased by improved management." As a remedy, the CFOs Act (passed by voice vote without dissent): (1) strengthens management capabilities; (2) provides for improved accounting systems, financial management, and internal controls to assure reliable information and deterrence of fraud, waste, and abuse; and (3) provides for reliable financial information -- useful to Congress and the Executive Branch -- in financing, managing, and evaluating Federal programs. Implementation of the CFOs Act is essential to good government.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

June 6, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

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Attachment

DEFENSE APPROPRIATIONS BILL, FY 1992

(In millions of dollars)

05-JUN-91 08:10 PM

	House	President's	FY 1991	Major Programs
	Committee	Request	Enacted 1/	
House Difference From:	BA	BA	BA	BA
	Request	Request	Request	Request
	0	0	0	0
	Enacted	Request	Request	Request
	BA	BA	BA	BA
	0	0	0	0

DEFENSE DISCRETIONARY	78,938	78,017	77,848	78,539	78,753	78,539	-268	736	691
Military Personnel.....	86,209	86,687	85,928	85,633	88,578	85,633	-658	1,892	-295
Operation and Maintenance.....	66,521	79,385	63,850	75,032	64,395	75,147	-2,127	-4,238	545
Research, Development, Test ,	35,432	39,217	37,726	36,076	36,076	36,023	644	-3,142	-1,703
& Evaluation.....	1,673	579	2,980	1,453	2,444	1,453	771	874	-2,209
Revolving & Management Funds.....	---	---	-336	-1,859	---	-1,859	0	-1,859	336
Allowances.....	---	---	---	76	120	76	120	76	120
DOE -- Atomic Energy Defense	300	251	0	46	---	46	-300	-208	0
DOT -- Coast Guard.....	29	28	31	30	31	30	2	2	0
Other Independent Agencies.....	281,186	281,506	276,153	275,088	270,397	275,088	1,209	-6,420	-1,065
Total Defense Discretionary.....	269,186	270,445	276,153	270,397	270,397	275,088	1,209	-6,420	-1,065
Domestic Discretionary 2/.....	---	---	---	1	5	1	5	1	5
TOTAL DISCRETIONARY SPENDING	269,186	281,506	276,153	270,402	270,402	275,089	1,216	-6,417	-1,064

Note: Detail may not add to totals due to rounding.

1/DOES NOT INCLUDE DESERT SHIELD/STORM SUPPLEMENTAL.

2/ Radiation Exposure Compensation Trust Fund

602(b) Allocations: BA 270,454
Defense Discretionary 275,355



September 20, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2607 - Rail Safety Enforcement and Review Act of 1991 (Swift (D) Washington)

The Administration is strongly committed to rail safety and has several initiatives in progress to maintain and strengthen rail safety standards. However, if H.R. 2607 were presented to the President in its current form, the Secretary of Transportation would recommend a veto. The Administration particularly objects to:

- Section 2, which would require the Secretary of Transportation to issue final rules for all rulemaking areas listed in the Rail Safety Improvement Act (RSIA) without taking into account their necessity or cost. The Department of Transportation has not only initiated all 12 rulemaking activities required by the RSIA, but has completed all but 2 of them.
- Section 14, which would authorize appropriations totaling \$75 million for the Local Rail Freight Assistance Program during FYs 1992-1994. This program has outlived its usefulness and should be allowed to expire at the conclusion of the current fiscal year.

The Administration also objects to Section 3 and 4. Section 3 would require reporting that would not contribute to rail safety while needlessly diverting rail safety enforcement resources. Section 4 would establish a \$1,000 per-violation minimum civil penalty that is unwarranted because the current \$250 minimum is adequate and because the other transportation modes have compiled excellent safety enforcement records without such a statutory limitation.

Scoring for Purposes of Pay-As-You-Go

OMB's preliminary scoring estimates of this bill are presented below. Final scoring of this legislation may deviate from these estimates. If H.R. 2607 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by the Omnibus Budget Reconciliation Act of 1990 (OBRA). The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

Estimates For Pay-As-You-Go

(receipts in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-1995</u>
Totals	--	+ .2	+ .2	+ .2	+ .2	+ .8

* * * * *



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2621 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, FY 1992**

(Sponsors: Whitten (D); Mississippi; Obey (D), Wisconsin)

This Statement of Administration Policy expresses the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 1992, as reported by the House Committee. The Committee bill maintains a number of provisions from last year's bill that the Administration endorsed, including authorities that provide to the President a measure of flexibility in managing foreign aid. However, the bill contains several objectionable provisions and a significant shift of funding priorities that would adversely affect the conduct of foreign policy.

The President stated in a letter to Speaker Foley on June 4th that he would veto any legislation that would weaken current law or existing regulations for abortion-related activities. The Committee bill, which provides funding for the United Nations Population Fund (UNFPA), would weaken current law and would, therefore, lead to a veto of this bill.

The Enterprise for the Americas Initiative (EAI), announced last year, is a key foreign policy priority to promote economic growth and prosperity in our own hemisphere. Our Latin and Caribbean neighbors are engaging in economic reform and have deepened their commitment to the democratic process as part of this change. An important element of the EAI, which provides official U.S. debt reduction for countries implementing these reforms, would foster investment and growth opportunities and encourage new environmental activities. Full restoration of the Committee's \$240 million reduction to the \$304 million EAI request is essential.

The Administration is very concerned that the Committee did not appropriate any amount for the U.S. share of the International Monetary Fund (IMF) quota increase. The Budget Summit agreement last year made special provision for this funding. The IMF plays a central role in the world economy in helping countries pursue sound economic policies and market-oriented reforms in Eastern Europe, Africa, and Latin America. The quota increase involves no net budgetary outlays because the U.S. receives an interest-bearing reserve asset for any transfer of dollars to the Fund.

The Committee bill reduces by \$419 million the requested funding in the Foreign Military Financing program and places country aid restrictions on this funding. These reductions and limitations would hinder the President in fulfilling U.S. commitments to our key friends and allies. Further, this bill reduces by \$21.5 million the requested funding for international narcotics control and assistance, which would weaken efforts to combat illegal drug production and trafficking in the Western Hemisphere.

The Administration opposes caps in the Committee bill on Foreign Military Financing funds for Portugal, Greece, and Turkey and the continued imposition of a 7:10 ratio on aid to Greece and Turkey. These provisions affect countries that were important to United States military operations during the Persian Gulf crisis. In addition, the Administration would strongly oppose any amendments reducing or restricting its requested assistance levels to other countries such as Jordan.

The Administration strongly opposes section 586 of the Committee bill, which would bar the use of funds appropriated in the Foreign Operations, Export Financing, and Related Programs Appropriations Bill for the implementation of Public Law 101-576, the Chief Financial Officers Act of 1990 (CFOs Act). This law addresses long-standing Congressional and Administration concerns about financial management deficiencies in the Federal Government.

In passing the CFOs Act (by a voice vote without dissent), the Congress found that "[b]illions of dollars...lost each year through fraud, waste, abuse, and mismanagement...could be significantly decreased by improved management." As a remedy, the CFOs Act: (1) strengthens management capabilities; (2) provides for improved accounting systems, financial management, and internal controls to assure reliable information and deterrence of fraud, waste, and abuse; and (3) provides for reliable financial information, useful to Congress and the Executive Branch in financing, managing, and evaluating Federal programs. Implementation of the CFOs Act is essential to good government.

While the provision on UNFPA will cause a veto, the Administration hopes that the bill will move forward. As the bill moves through Congress, the Administration will work to improve the legislation and make the changes necessary to gain Administration support for the bill.

Additional Administration concerns with the bill are discussed in the attachment.

Attachment

**H.R. 2621 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1992**

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

**United Nations Population Fund (UNFPA) Funding That Violates
the Kemp-Kasten Provision**

Kemp-Kasten states that "None of the funds made available to Population, Development Assistance may be made available to any organization or program which, as determined by the President of the U.S., supports or participates in the management of a program of coercive abortion or involuntary sterilization."

The Administration continues to support the Kemp-Kasten provision and opposes funding for the United Nations Population Fund (UNFPA) because the UNFPA supports or participates in the management of a program of coercive abortion or involuntary sterilization in China. Opposition to abortion as a method of family planning is an important matter of principle to this Administration. Stating that none of these funds shall be used for China or crafting other complicated procedures to provide support for UNFPA would be perceived as a transparent bookkeeping transaction and would undermine U.S. opposition to coercion.

If the U.S. provides any funds to the UNFPA, the U.S. would in effect be endorsing China's policy of coercive abortion. U.S. funding for UNFPA would undermine Administration principle and policy and destroy the pro-life and pro-human rights character of U.S. population assistance programs.

Enterprise for the Americas Initiative

The Enterprise for the Americas Initiative (EAI), announced last year, is a key foreign policy priority to promote economic growth and prosperity in our own hemisphere. The program encompasses efforts to promote trade, investment, growth, and environmental protection. Our Latin and Caribbean neighbors are engaging in economic reform and have deepened their commitment to engage in the democratic process as a part of this change. One aspect of this effort involves annual \$100 million contributions for five years to the Enterprise for the Americas Investment Fund. The Committee bill provides for this request.

However, another important element of the EAI, which provides official U.S. debt reduction for countries implementing economic reforms has been substantially reduced from the request. This activity would foster investment and growth opportunities and encourage new environmental activities. Full restoration of the \$240 million reduction from the \$304 million request is essential.

U.S. Share of the International Monetary Fund Quota

The Administration is very concerned that the Committee did not appropriate any amount for the U.S. share of the International Monetary Fund (IMF) quota increase. The Budget Summit agreement last year made special provision for this. The IMF plays a central role in the world economy in helping countries pursue sound economic policies and market-oriented reforms in Eastern Europe, Africa, and Latin America. The quota increase involves no net budgetary outlays because the U.S. receives an interest-bearing reserve asset for any transfer of dollars to the fund.

Reductions in Foreign Military Financing (FMF)

The Committee bill reduces the \$4.6 billion request for military assistance grants and loans by \$419 million. Given that earmarking for Israel and Egypt constitutes \$3.1 billion of the overall program, this is more than a twenty-five percent reduction in all other foreign-country programs. These reductions would impact our ability to fulfill important requirements around the globe. U.S. foreign policy requires our ability to provide many types of assistance to countries of key interest to the United States.

FMF Country Limitations -- Turkey, Greece, and Portugal

The Administration opposes funding caps for Portugal (\$100 million), Greece (\$350 million), and Turkey (\$500 million) and the continued imposition of a 7:10 ratio on aid to Greece and Turkey. The \$625 million Administration request for Turkey is based on Turkey's security needs. The special threats Turkey faces were underlined during the Persian Gulf crisis. Given its location, a strong Turkey is an essential element in assuring broader security and stability in the area. The Gulf crisis revealed deficiencies in Turkey's air defenses. Coupled with Turkey's force modernization, these needs justify full funding of the requested \$625 million for Turkey.

Reductions in International Narcotics Control Assistance (INM)

The Committee's proposed \$21.5 million reduction in funding for International Narcotics Control Assistance would weaken efforts to combat illegal drug production and trafficking in the Western Hemisphere. It would restrict the implementation of plans to operate and maintain additional helicopters to enhance cocaine interdiction efforts. In addition, such a reduction would limit operations in surrounding countries in the Andean region. Further, it would hamper new efforts to reduce opium crop production in Thailand, Laos, and parts of Asia, Africa, and Europe.

Earmarking of Development Assistance and Other Accounts

The Administration opposes the substantial earmarking of the development assistance accounts, though it welcomes the Committee's effort to begin to consolidate the functional accounts. The excessive earmarking would undermine the Administration's effort to provide development aid to sectors and programs that are better designed to promote economic growth in developing countries.

Earmarking in other accounts, including the entire International Organizations and Programs account, is likewise unhelpful. It would limit the flexibility of the President to provide assistance in a manner that would best serve U.S. foreign policy interests and that would provide funding to the highest priority needs.

Unwarranted Increases in Other Programs

The Committee bill provides for significant increases in Development Assistance, the Development Fund for Africa, Refugee assistance accounts, the Trade Development Program, and the International Organizations and Programs appropriations. These increases total over \$600 million more than the President's request. This funding shift would endanger the implementation of high priority programs, including the Enterprise for the Americas Initiative. The ability of the President to carry out his foreign policy would be severely constrained by this shift.

Presidential Contingency Fund and Democracy Contingency Fund

The Administration has proposed a new \$20 million Presidential contingency fund to provide additional flexibility for the President to respond to changing and unforeseen events. Unfortunately, the Committee did not appropriate any funds for this purpose.

In section 530, the Committee has provided a \$25 million cap on a yet-to-be-established democracy contingency fund. This fund would allow the Administration to use existing foreign assistance resources to respond to emergency needs in newly democratic countries. The Administration encourages establishment of this fund and recommends a \$100 million limitation to provide a measure of flexibility.

Arms Sales Moratorium in the Middle East

The Administration urges the House to drop Section 589 and, in particular, its requirement for a moratorium on conventional arms transfers from the bill. On May 29th, the President announced his initiative to halt the spread of weapons of mass destruction and to prevent destabilizing transfers of conventional weapons to countries in the Middle East. The proposal focuses on ending all transfers of non-conventional weapons and enhancing transparency of conventional weapons transfers. Through negotiations with the five major arms suppliers, the U.S. hopes to prevent destabilizing transfers.

A blanket moratorium would frustrate the President's effort. It is recognized that nations in the region have requirements for conventional arms to meet their legitimate defense needs. The Administration believes that the U.S. should help our friends meet those needs. A moratorium, by freezing imbalances, could actually increase instability in the region.

Private Contractor Studies for Function 150 Credit Programs

The Administration believes that the provision calling for private contractor studies of repayment probabilities, subsidy elements, and country risk assessments for Function 150 credit programs would result in a wasteful duplication of effort. OMB has already begun consultations with concerned creditor and policy agencies to design a transparent and objective system to determine all of the elements that are to be included in the proposed study. The differences in dealing with official as opposed to private debt are great. The practical implication is that most of a contractor's expertise in dealing with the issues in the study would, in any case, have to be garnered from official government sources.

Foreign Military Sales (FMS) Administrative Limitation

The Administration opposes the provision that would place a \$325 million limitation on the FMS administrative surcharge receipts collected from foreign governments. These receipts are used to reimburse the Department of Defense for personnel and other administrative costs associated with supporting the security assistance program and arms sales cases. For budget execution, this restriction would complicate adjusting reimbursement levels to the level of arms sales cases actually occurring. With arms sales cases, administrative receipts vary from year to year. This limitation could lead to unintended consequences and misunderstanding by foreign buyers.

"Javits Report" to Appropriations Committees

The Administration opposes section 591, which requires that an annual report be submitted to the Appropriations Committees under section 25(a)(1) of the Arms Export Control Act ("Javits Report"). Current law requires that this classified report on pending arms sales be submitted to the Congress. One copy is submitted to each of the House of Representatives and the Senate. Distribution of this report is an issue for the Leadership to resolve. We are opposed to the proliferation of copies of this classified report.

Excess Defense Articles

The Administration opposes section 580, which would repeal the eligibility under the excess defense articles authority of section 516 of the Foreign Assistance Act for Morocco and Senegal. There is no reason to penalize these two countries, each of which contributed armed forces to deter Iraqi aggression in the Gulf.

Eximbank Financing for Narcotics Control Articles and Defense Exports

The Administration opposes the provision in Title IV that would further restrict Eximbank financing sales of munitions lists items. As drafted, this provision could prohibit the financing of items for counter-narcotics purposes, an activity that Congress has previously authorized and supported. Further, the Administration is disappointed that the Committee did not agree to allow Eximbank financing of defense articles and services to selected countries.

International Development Association (IDA) and Asian Development Bank Lending to China

The Administration objects to provisions of the Committee bill that would restrict contributions to the International Development Association and Asian Development Bank appropriations. These provisions would require reductions of U.S. contributions if the banks were to lend to China for activities other than those meeting basic human needs. The restrictions would hinder the Administration's conduct of foreign policy and reduce U.S. influence over bank policies. Further, these restrictions are inconsistent with the multilateral structure and objectives of these institutions.

World Bank Global Environment Facility (GEF)

The Administration objects to the \$50 million appropriation for the GEF at this time. In place of direct GEF funding, the Administration has requested \$50 million of parallel financing of environmentally-related projects through AID. The Administration's approach ensures that U.S. funds would be spent for innovative, environmentally sound projects that could become guideposts for multilateral bank (MDB) current and future use. These projects, while in some cases experimental, would provide a demonstration effect that could be incorporated into MDB projects. The Administration shares the Committee's objective of improving the World Bank Group's efforts in the environmental area and believes the AID funding approach best achieves this goal.

Constitutional Concerns regarding Sections 521, 532, 554, 588, and Similar Provisions

Several provisions in the bill would require the President or other members of the Executive branch to enter into negotiations with foreign governments or to take particular positions in international negotiations. See sec. 521 (instructions from Secretary of the Treasury to United States Executive Directors of various international financial organizations); sec. 532 (instructions to be given by Secretary of the Treasury for United States Executive Directions of multilateral development banks and positions to be taken in International Monetary Fund, with reports to Congress); sec. 554 (instructions from Secretary of the Treasury to United States Executive Directors of International financial institutions); sec. 579 (goals in negotiations concerning European Bank for Reconstruction and Development); sec. 589 (convention on multilateral arms transfer and control regime). Section 588 would require the Secretary of the Treasury to consult with Congressional committees

before entering into negotiations. Conversely, section 527 forbids negotiations with the Palestine Liberation Organization. All of these provisions would unconstitutionally intrude on the President's authority, because the Constitution commits to the President alone the responsibility for negotiations in the international sphere. See United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 319-20 (1936). Such provisions should be deleted, or, to avoid ambiguity and unnecessary disputes, clearly drafted as advisory only.

One provision would condition the availability of funds on the Secretary of the Treasury's giving specified instructions regarding international negotiations to the Executive Director of the Inter-American Development Bank. See page five of the Committee bill (no section designation). Congress may not make the availability of funds conditional on the President's (or his delegate's) surrendering discretion in the exercise of his constitutionally conferred powers, just as an individual's receipt of a government benefit ordinarily cannot be conditioned on the surrender of his constitutional rights. See Frost & Frost Trucking Co. v. Railroad Commission, 271 U.S. 583, 594 (1926). This provision should be deleted. For similar reasons, making funds available to the Agency for International Development only on the condition that AID station one professional at either the Consulate General in Jerusalem or the Embassy in Tel Aviv would present constitutional problems. Under Article II of the Constitution, decisions concerning the placement of diplomatic personnel overseas are committed to the President alone and cannot be dictated by legislation. See Statement of President Carter on Signing H.R. 3363 into Law, 15 Weekly Comp. Pres. Doc. 1434 (August 15, 1979). Therefore, this condition for the availability of funds would be unconstitutional and should be deleted.

Section 549 would require the Secretary of State to send the Congress certain international agreements for debt relief thirty days before the agreements enter into force and would mandate that, "in every feasible instance," the Secretaries of State and Treasury notify Congressional committees at least fifteen days before entering into negotiations for debt relief. This provision would intrude upon the President's authority to conclude international agreements and should be deleted. See United States v. Belmont, 301 U.S. 324, 330-31 (1937).

Section 567, which is identical to section 582 of P.L. 101-167, forbids providing funds to foreign governments "in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law." The section includes further language designed to narrow the scope of this prohibition. When the President signed P.L. 101-167, he observed that although the provision could be construed narrowly in order to avoid constitutional problems, "many routine and unobjectionable diplomatic activities could be misconstrued as somehow involving a forbidden 'exchange,'" and, therefore, "this type of provision can chill U.S. diplomats in the proper discharge of their duties." See 25 Weekly Comp. Pres. Doc. 1810, 1811 (Nov. 21, 1989). Section 569 should be deleted.

The Administration notes, finally, that section 589 would have to be read so as to preserve the President's constitutional authority to withhold state secrets from disclosure. See Department of the Navy v. Egan, 484 U.S. 518, 527 (1988).



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1991 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2686 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1992**

(Sponsor: Byrd (D), West Virginia)

The purpose of this Statement of Administration Policy is to provide the Administration's views on the Department of the Interior and Related Agencies Appropriations Bill, FY 1992, as reported by the Committee.

In the Administration's view, the bill reported by the Senate Committee is a marked improvement over the bill as passed by the House. The Administration commends the Committee for taking several constructive steps toward developing a bill that is more substantially aligned with the Administration's priorities.

The Committee has funded firefighting at the requested level, ensuring that anticipated needs will be met within the discretionary spending limits established by the Budget Enforcement Act (BEA). In addition, the Committee has restored requested operational funding for certain high-priority programs under the President's America the Beautiful initiative; eliminated funding for Urban Park grants; deleted grazing fee increases set outside the process established by Executive Order; removed the funding cap imposed by the House on the Sport Fishing Restoration Program (Wallop-Breaux); fully funded enacted Indian water rights and land claim settlements; and restored funding for the White House Visitors' Center.

However, the Administration does have several concerns about the Committee bill, noted below, and respectfully requests that the Senate address these concerns. The July 26th letter of the Secretary of the Interior to the Senate Appropriations Committee discusses these concerns and indicates that he would recommend disapproval of the bill if the concerns are not addressed.

National Parks, Forests, and Wildlife Refuges

The Committee has restored operational funding for certain America the Beautiful (ATB) programs, which include recreation, resource protection, and other initiatives for our public lands. However, the Administration objects to an overall \$190 million, or 21-percent, reduction in total requested ATB funding. At a time when visits to national parks and forests are reaching record levels and placing these parks and forests under increasing stress, the Administration strongly believes that funds to protect these valuable resources should not be reduced.

The Administration urges the Senate to restore full funding for nationally significant ATB resource protection and tree planting programs. These include Federal and State land acquisition, including Everglades National Park in Florida; the President's program to plant one billion trees a year; the new and widely acclaimed program to protect America's remaining battlefields, which are threatened by imminent development and other intrusive forces; the "Targeted Parks" initiative to improve monitoring and protection for parks facing acute natural resource problems; and Coastal America, which would protect and restore coastal resources at the national, regional, and watershed levels.

It is the Administration's view that full funding for these important programs can be restored by redirecting funds presently allocated to construction projects of less national significance than the ATB programs.

Strategic Petroleum Reserve Scoring

The Administration objects to the transfer of \$123 million of the proceeds from the test sale of Strategic Petroleum Reserve (SPR) oil in the SPR Petroleum account to the Strategic Petroleum Reserve account. The Administration believes that the SPR facilities account should be fully funded at the level requested in the President's Budget and that the test sale receipts should be used for the acquisition of oil. Receipts from the sale are scored as mandatory and should not be used to offset FY 1992 discretionary spending.

Clean Coal Technology

The Administration has serious concerns with the Committee bill's provision for a sixth general request for proposals in the Clean Coal Technology program. Language of the Committee bill states that funding for these proposals is to be provided from unobligated balances of prior Clean Coal Technology appropriations. By law, these balances are to be used to fund overruns of up to 20 percent in projects selected in the first five rounds of competition. Total requirements for such funds

will not be known with certainty for many years, and clearly not by November 1, 1993 -- the date by which the Secretary would be required to report to the Senate and House on the availability of prior-year unobligated balances under the Committee's proposal. In the Administration's view, suggesting that funds will be available for a sixth round of competition is inappropriate.

Outer Continental Shelf (OCS) Moratoria

The Administration opposes the Committee's moratoria on all activity in Bristol Bay, Alaska, and on Sale 137 in the Eastern Gulf of Mexico. The Administration opposes new moratoria imposed by the House and retained by the Committee on activities associated with Sale 145 in the Atlantic and Sale 151 in the Florida panhandle, both of which are contained in Interior's proposed leasing plan for mid-1992 through 1997. The plan's reforms would make the OCS oil and gas program more selective, judicious, and environmentally sound; therefore, the Administration believes that continued legislative moratoria are inappropriate and unnecessary.

OCS Leasing and Environmental Studies Program

The Administration strongly opposes the Committee's elimination of requested funding for environmental studies, lease administration, and environmental assessments of the OCS. In the President's June 1990 announcement regarding the OCS activities, the President directed the Department of the Interior to develop adequate scientific and environmental information through additional studies in order to determine whether leasing should occur in a number of environmentally sensitive OCS areas.

The elimination of funding for the leasing and environmental studies program would seriously impair the Department of the Interior's ability to make sound decisions in a timely fashion and to address leasing concerns of States and localities, should a decision be made to allow leasing.

Bureau of Indian Affairs (BIA) Management Improvement

The Administration is concerned about language in the Committee bill, and the related omission of funding (\$1.3 million), that would restrict efforts to improve the management and accountability of BIA. The Administration believes that restricting organizational reforms of the BIA would perpetuate long-standing problems affecting the delivery of services to Indians. The Administration needs the flexibility to implement reforms that have been endorsed by the joint tribal and Federal advisory committee examining the BIA.

BIA Dam Safety

Language in the Committee bill would prevent the transfer of technical responsibility for dam safety from the BIA to the Bureau of Reclamation. Lives are at stake as long as serious and long-standing safety deficiencies go uncorrected at various BIA dams. BIA has failed to correct these deficiencies, so the Administration must be permitted to take reasonable, alternative steps to do so before a tragedy occurs.

Department of the Interior Management

The Administration strongly opposes the Committee's deletion of funding for many departmental management activities. Implementation of long-overdue improvements involving the BIA and other Interior bureaus would suffer major, unnecessary delays because of these reductions. In addition, the Committee has not provided requested funding for preparation and audit of Interior annual statements required to implement the 1990 Chief Financial Officers Act (CFOs Act). The small savings achieved by the Committee's reductions would disproportionately weaken the present and future organizational structure needed to ensure the effective, efficient delivery of Interior programs and services to the public. The Administration urges the Senate to restore the \$15 million for departmental management and implementation of the CFOs Act.

Additional information concerning the Administration's views on the Senate Committee bill is attached.

Attachment

**FY 1992 INTERIOR APPROPRIATIONS BILL: SENATE COMMITTEE BILL
REDUCTIONS IN RESOURCE PROTECTION TO FUND UNREQUESTED PROJECTS**

(dollars in millions)

<u>Reductions</u>		<u>Increases</u>	
o America the Beautiful Natural/Historical Resource Programs:	-190	o Interior Department Construction (much for unneeded new buildings and other facilities): (est.)	+200
-Land Acquisition	(-78)	-Palau Water and Sewer Systems	(+2)
-Treeplanting	(-77)	-Uneconomic BIA Irrigation Projects	(+27)
-American Battlefield Protection	(-8)	o Non-Competitive Grants for Local Washington, D.C., Arts and Cultural Organizations	+7
-Everglades National Park (FL) Land Acquisition	(-8)	o State Grants for Activities where Unused Federal Funds Already Exist	+21
-North American Wetlands Conservation	(-7)		<u>+228</u>
-Resource Protection for Targeted National Parks	(-5)		
-Coastal America	(-5)		
o National Park Management/Operations	-35		
o Crab Orchard National Wildlife Refuge (IL) Superfund Site Cleanup	-10		
o OCS Leasing and Environmental Studies	<u>-23</u>		
	<u>-258</u>		

(Senate Floor)

ADDITIONAL CONCERNS
H.R. 2686 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Departments of the Interior and Agriculture:

America the Beautiful (ATB) Reductions. The Administration commends the Senate Committee for restoring operational funding for certain ATB programs, but objects to the inadequate total funding the Committee bill would provide for the ATB initiative. For the Department of the Interior, the Committee mark is \$57 million, or 10 percent below the President's request. At a time when visits to our national parks, refuges, and other Federal recreation areas are reaching record levels and placing them under increasing stress, the Administration strongly opposes cuts in funds designed to protect these valuable resources in order to fund low-priority earmarked projects.

The Committee has reduced Interior funding for many nationally significant ATB natural and historical resource programs, including Everglades National Park, Florida, expansion (-\$8 million); American Battlefield Protection (-\$7.5 million); Targeted Parks (-\$5 million); and Coastal America (-\$5 million).

Everglades land acquisition would enhance the national park's water quality and quantity by restoring natural flows into the park. The Battlefield Protection program would help meet the challenge confronting many important battlefield sites across the U.S. that remain unprotected and threatened with development.

Targeted Parks would improve monitoring and protection in 10 parks that face acute natural resource problems of national significance. Full funding of this initiative would preserve the natural beauty and resources of these units and provide resource management models useful to other

National Park System units. Coastal America would build upon multi-agency expertise to protect and restore coastal resources at the national, regional, and watershed levels.

For the Department of Agriculture, the Committee bill would reduce Forest Service ATB programs by \$133 million, or 38 percent, below the President's request. Within this amount, the Forestry Stewardship Incentives Program, an important component of ATB and the President's Tree Planting Initiative, would be reduced \$77 million below the request. This reduction would significantly impair the agency's ability to meet the President's goal of planting one billion trees per year. Much of this reduction is used by the Committee to fund lower-priority programs. The Administration urges the Senate to restore funding for all of the ATB programs.

Interior Construction. The Administration objects to the Committee's funding level for construction. The Committee bill would provide approximately \$200 million, or 65 percent, more than the President's request for Interior's land management agencies and the Bureau of Indian Affairs (BIA). Much of the additional funding is unnecessary and directed at marginal or lower-priority projects not in the Department's backlog of needed health and safety projects. The additional construction projects are generally discretionary or non-critical and can be postponed or foregone. It is the Administration's view that new construction is a lower priority than providing quality operations, maintenance, and rehabilitation of existing facilities.

Hard Rock Mining Claim Holding Fee. The Administration objects to the Committee's deletion of the proposed Hard Rock Mining Claim Holding Fee. This proposed \$100 fee would replace current "diligence" provisions of the 1872 Mining Law that require holders of mining claims to perform \$100 worth of annual assessment work in order to maintain a claim. In addition to generating \$80.2 million in revenue for the General Fund of the Treasury, the Administration's proposal would provide \$12.3 million to Interior's Bureau of Land Management for operation of the Mining Law Administration program and up to \$5.0 million to fund collection of the fee.

The Administration believes that this proposal, as a replacement for the current diligence requirement, would be far more convenient for the claim holder and much more protective of the environment. In addition, it would improve mineral production and generate revenue benefits. The Senate is urged to restore the Administration's proposal, adopting the Mining Claim Holding Fee language.

Minerals Management Service: Technical Information Management System. The Administration opposes the Committee's elimination of requested funding (\$7 million) for the Minerals Management Service's (MMS) proposed multi-year, multi-phase technical information management system (TIMS). TIMS would streamline and upgrade environmental, scientific, engineering, and land management activities so that better and more accurate OCS leasing decisions could be made.

The funding requested in the President's FY 1992 Budget would provide for the initial replacement of outdated equipment and the beginning development of new software. By not providing any funding for this new initiative, the Committee bill would force MMS to rely on an obsolete computer system and would constrain its ability in the future to conduct environmentally sound lease sales in promising geologic areas.

North American Wetlands Conservation Fund. The Administration commends the Committee for adding back \$8.5 million for the North American Wetlands Reserve Fund. However, the Administration believes that this program should be funded at the requested level of \$15 million. This program supports high-priority wetlands acquisition and restoration programs -- in cooperation with the States, non-profit organizations, Canada, and Mexico -- that are aimed at restoring the nation's declining migratory waterfowl populations.

Section 318 Reductions. The Administration objects to the Committee's across-the-board reduction recommended in section 318 of the bill. This reduction could result in the curtailment of high-priority programs within the Department of the Interior. For example, the Committee has reduced funding for the management of park areas by \$11 million. If the four-percent reduction mandated by section 318 were applied, a total reduction of

approximately \$35 million in funds for the continuing operation of our National Parks would result.

Palau Capital Improvements. The Administration objects to the \$2 million increase above the request for capital improvement projects (water and sewer systems) in the Trust Territory of Palau. Complete or partial funding for construction projects was provided in FY 1991. Given the inadequate oversight in the past, the Administration believes that Palau should prove its capability in managing these funds before receiving increases. In addition, funding increase for these projects would be a disincentive for Palau to move toward greater self-sufficiency.

Departmental Procurement System. The Administration objects to the Committee's \$3 million reduction to the request for Interior's Geological Survey prototype, department-wide procurement system. Procurement system reform is a long-term investment designed, ultimately, to save millions of taxpayer dollars by eliminating costly, duplicative individual procurement actions. Implementation of this important financial management system cannot be effectively carried out unless these funds are restored to the requested level.

Commission of Fine Arts:

National Capital Arts and Cultural Affairs Grant. The Administration objects to the Committee's provision of \$7 million for general operating support on a non-competitive grant basis to Washington, D.C., arts and cultural organizations. This funding is unnecessary as it is a duplication of existing Federal nationwide competitive grants.

Pennsylvania Avenue Development Corporation:

Land Acquisition and Development. The Administration objects to the elimination of the requested \$14 million in borrowing authority from the Land Acquisition and Development account. This money would be used to allow timely completion of the mission of the Pennsylvania Avenue Development Corporation, without unnecessary cost increases, by consolidating ownership of the last remaining undeveloped block.

B. Language Provisions

BIA Trust Fund Management. The Administration objects to the Committee's inclusion of bill language added by the House that is intended to prevent the transfer of tribal and individual Indian trust fund accounts to any contractor until all accounts have been reconciled, audited, and certified. A joint review by Interior and the Office of Management and Budget of BIA financial management problems associated with the \$2 billion Indian trust funds is under way, and a report addressing these problems will be issued by the end of 1991. Interior needs flexibility to manage these accounts properly while the reconciling and auditing process proceeds over the next five years. The language of the Committee bill would unduly restrict the Administration from implementing needed improvements until the reconciling and auditing process is completed.

Strategic Petroleum Reserve (SPR) Oil Financing. The Administration continues to believe that innovative financing contracts with one or more oil-producing nations can provide attractive Strategic Petroleum Reserve fill opportunities. However, the Administration's ability to negotiate such an arrangement would be undermined by the Committee bill's requirement for Congressional approval of each such contract through enactment of new legislation. Therefore, the Administration strongly recommends that this requirement, both as expressed in the FY 1991 Interior and Related Agencies Appropriations Act (P.L. 101-512) and in the FY 1992 bill reported by the Committee, be deleted.

Indian Health Service (IHS). The Administration objects to the Committee's continued prohibition on the implementation of the final rule on IHS health care services eligibility. In addition to circumventing the established Federal rulemaking procedures, the Administration believes that continued avoidance of eligibility issues prevents efficient program operation and maintains unnecessary anxiety for potential and current beneficiaries.

The Administration supports the Senate's decision to follow the House's consolidation of the IHS maintenance and repair funding in a single account. Consolidating funds will improve understanding of funding levels and accountability.

Committee Approval Provisions. The Administration objects to bill language that purports to restrict the

use of funds or to limit agency actions unless approval is granted by Congressional committees. Such provisions are unconstitutional (see INS v. Chadha, 462 U.S. 919 (1983)). This objection applies to several provisions that have been included in previous Interior and Related Agencies Appropriations Acts, as well as to a new provision in the Committee bill concerning the alteration of the appropriations structure of the Indian Health Service. In any event, the Executive Branch will continue to provide the Committee notification and consultation that interbranch comity requires in matters in which Congress has indicated such a special interest.

Energy Conservation Employment Floors. The bill would increase the FTE level for conservation programs from 352 to 397. The Administration believes that this increase in personnel is unnecessary and would interfere with Departmental and Administration efforts to reduce overhead and make program operations more efficient. The Administration is committed to ensuring that conservation programs are managed effectively and supports the hiring or retention of a sufficient number of employees. However, the Administration believes that raising the mandated minimum number of staff does not represent effective management.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 18, 1991 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2699 -- DISTRICT OF COLUMBIA
APPROPRIATIONS BILL, FY 1992**

(Sponsors: Byrd (D), West Virginia; Adams (D), Washington)

The purpose of this Statement of Administration Policy is to express the Administration's views on the District of Columbia Appropriations Bill, FY 1992, as reported by the Committee.

The Administration urges the Senate to adopt language concerning abortion that was included in the District of Columbia Appropriations Acts for FY 1989, FY 1990, and FY 1991. The language of these Acts prohibited the use of Federal and local funds to perform abortions, except where the life of the mother would be endangered if the fetus were carried to term. The President will veto any District of Columbia Appropriations Bill that does not contain this language. Section 114 of the Committee approved bill would permit the use of Congressionally appropriated local funds to finance abortions and, therefore, would lead to a veto of the bill.

The Administration opposes provisions in the Committee bill that would provide \$55.8 million in advance appropriations for private hospitals in the District of Columbia. Advance appropriations undermine future discretion, for both the Congress and the President, in the distribution of budgetary resources.

On the basis of OMB's initial scoring, the Administration finds that the Committee's bill is within the Senate 602(b) allocation for FY 1992 budget authority and outlays for the Federal payment to the District. In aggregate, the Senate 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.

Additional Administration concerns with the bill as reported by the Committee are discussed in the attachment.

Attachment

July 18, 1991
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 2699 -- DISTRICT OF COLUMBIA
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

The Administration opposes the Committee's addition of Federal tax dollars for purposes that are clearly a local responsibility. In addition to micro-managing the District government by earmarking payments to individual District programs, the bill would provide almost \$70 million of Federal funds (\$55.8 million in advance appropriations) to privately owned hospitals. Funding privately owned hospitals would set a bad national precedent and would favor local D.C. hospitals over other hospitals with similar or greater needs.

George Washington Hospital. As part of the \$70 million discussed above, the Committee would provide \$50 million for the construction and renovation of the George Washington University Medical Center. Of this amount, \$250 thousand would be provided in FY 1992, and \$49.8 million in advance appropriations would be provided for FYs 1993-95. This funding is contrary to the proposed capital payment policy regulations, which state that the Federal government should only pay for capital projects that are directly attributable to Federal Medicare patient loads.

Trauma Care Fund. Establishment of this \$10 million fund to offset the uncompensated cost for providing emergency trauma care is unnecessary. Through the Medicare and Medicaid programs, the Federal government already provides qualifying hospitals with funds for both charity and bad debt. Payments to local D.C. hospitals through this proposed Trauma Care Fund could produce double payments and/or complicate the Federal payment process. The establishment of a 35-percent funding cap for an individual hospital would not ensure that all local hospitals would share equally in caring for non-paying patients. Directing the District to administer this fund could cause the City to divert scarce resources from other more critical needs.

In addition, the Administration opposes the proposed delay in obligation of these funds until the last day of FY 1992 and the direction that the funds not be

spent until FY 1993. This delay is especially objectionable because the Committee would further direct the financially-strapped District Government to negotiate a private loan -- secured by this appropriation -- to activate this fund immediately.

Children's National Medical Center. The Committee bill would provide \$3.0 million in FY 1992 and an advance appropriation of \$6.0 million for FY 1993 for a cost-shared National Child Protection Center. The Administration is opposed to the establishment of small categorical programs to finance activities supported through existing block grants and the peer-reviewed research funding system.

Earmarked Payments to Individual District Agencies. The Committee bill would earmark \$4.2 million in Federal tax dollars for purposes that are clearly a local responsibility. It is the Administration's view that if Congress wants to make these funds available, they should be included as part of the fungible Federal payment.

B. Language Provisions

The Administration continues to support legislation that would require Federal agencies to pay the District directly for water and sewer services. Requiring the Department of the Treasury to continue to act as a conduit for funneling payments to the District is an administrative burden and expense to Treasury and contributes nothing to the payment process. In addition, the District reaps a windfall benefit because water and sewer rates charged to the Federal government include the cost of direct billing services that are not being provided.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

June 24, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2699 -- DISTRICT OF COLUMBIA
APPROPRIATIONS BILL, FY 1992**

(Sponsors: Whitten (D), Mississippi; Dixon (D), California)

This Statement of Administration Policy expresses the Administration's views on the District of Columbia Appropriations Bill, FY 1992, as reported by the Committee.

The President stated in a letter to Speaker Foley on June 4th that he would veto any legislation that weakens current law or existing regulations for abortion-related activities. Section 114 of the Committee bill, which would permit the use of Congressionally-appropriated local funds to finance abortions, would substantially weaken current law and would, therefore, lead to a veto of the bill.

The Administration urges the House of Representatives to adopt language concerning abortion that was included in the FYs 1989-91 District of Columbia Appropriations Acts. The language of these Acts prohibited the use of Federal and local funds to perform abortions, except where the life of the mother would be endangered if the fetus were carried to term. The President will veto any District of Columbia Appropriations Bill that does not contain this language.

On the basis of OMB's initial scoring, the Administration finds that the Committee bill is within the House 602(b) allocation for the Federal payment to the District. In aggregate, the House 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.



July 23, 1991 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2707 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
AND EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1992**

(Sponsors: Byrd (D), West Virginia; Harkin (D), Iowa)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, FY 1992, as reported by the Senate Committee.

The Senate Committee bill contains a provision that would permit the use of Title X funds for counseling on abortion. The President's intention is to assure that no Federal funds are used to support abortion. The President is not in any respect seeking to impose a so-called "gag rule." He is committed to the protection of free speech.

Title X funds are intended only for family planning. Under current regulations, pregnant women who seek services from Title X funded projects are now appropriately referred for such counseling to qualified providers. The President seeks to ensure the integrity of Title X as a pre-pregnancy family planning program and to ensure that women who are pregnant are referred to providers who can ensure continuity of care. He would veto this bill if it were adopted as presently written, and will accept a bill only if it is consistent with the above principles.

The Administration supports the House bill language that restricts the use of Federal funds for abortions to those circumstances in which the life of the mother would be endangered if the fetus were carried to term. The Senate is urged to adopt this limitation, which is identical to the one included in every Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill since FY 1981. The President would veto this bill if it were presented to him with section 203 in its current form.

The Administration understands that an amendment may be offered to increase funding for programs in the bill by \$3 billion with offsets from defense programs. Such an amendment would be a clear violation of the Budget Enforcement Act (BEA). The President's senior advisers would recommend that he veto the bill if it were presented to him containing this amendment.

The Administration has concerns with several other provisions of the Senate Committee bill. In its consideration of this bill, the Senate is respectfully requested to address these concerns, noted below, and to develop a bill that reflects more substantially the President's priorities.

Unemployment Insurance Administrative Costs

The Senate Committee has created a contingent appropriation to provide additional funds for administration of the unemployment insurance (UI) system. Under the Senate Committee language, an additional \$30 million would be provided for every 100,000 increase in the average weekly insured unemployment (AWIU) projected by the Department of Labor over the 3.24 million AWIU level assumed in the President's FY 1992 Budget request. Such additional funds would be provided without further action by the Congress and the President. The Administration is opposed to this provision for the reasons stated below.

Aside from the contingent appropriation, the Senate Committee bill provides discretionary funding for UI administrative costs at the President's requested level of \$2.3 billion. The Administration has indicated that, to the extent that changed real growth and unemployment forecasts cause unexpected UI administrative cost increases, the amount by which the revised estimates exceed the budget request would be designated as "emergency" funding and thus exempt from the BEA spending limits. As a result, no new contingency fund is necessary or appropriate.

Low Income Home Energy Assistance Program and Other Contingency Funds

The Administration objects to the Committee's inclusion of a \$300 million "emergency fund" for the Low Income Home Energy Assistance Program (LIHEAP). The Committee's base funding level of \$1.3 billion far exceeds the President's request of \$925 million and the House funded level of \$1 billion for non-contingent budget authority. The President's budget request for a \$100 million contingency appropriation, however, is based on specific market criteria, including a 20-percent increase in oil prices. In contrast, the Committee's "emergency fund" has no programmatic criteria, but is specifically designed to circumvent the discipline of the domestic discretionary spending limits established by the BEA.

It is the Administration's position that annual appropriations for programs such as LIHEAP and the Health Care Financing Administration (HCFA) State Survey and Certification, the requirements for which can be -- and have been for many years -- reasonably estimated in advance, should not be designated as "emergency." Therefore, the Office of Management and Budget would not recommend to the President that he designate any of these funds as "emergency." If the Congress' priorities include higher spending for LIHEAP, then the Administration believes that the Congress should enact a larger regular appropriation, with offsetting reductions in other programs.

The \$257 million level of contingency funding recommended by the Senate Committee for the HCFA's contractor account greatly exceeds any previous contingency fund level. The FY 1992 Budget proposes a \$100 million contingency. Further, language of the Committee bill would provide for release of the contingency funds for "unanticipated costs," instead of for "unanticipated workloads." The Committee language would greatly increase the likelihood that these funds will be used.

Healthy Start Initiative

The Administration observes that the Committee has included only \$75 million to support the President's Healthy Start Initiative. Healthy Start will fund comprehensive, integrated health services to 10 communities with exceptionally high rates of infant mortality. The Administration views full implementation of Healthy Start as an important step in reducing infant mortality. Given the importance of this initiative, the Administration urges the Senate to provide \$139 million for full funding of the Healthy Start Initiative.

AMERICA 2000 and Other Education Issues

The Administration appreciates the Committee's inclusion of \$100 million in the compensatory education account to be available for the President's AMERICA 2000 initiative, which is pending authorization. However, \$690 million is required for full implementation of this initiative, of which \$46.5 million requires no new authorizing legislation. The AMERICA 2000 initiative is essential to the States' efforts to reform education. It is the Administration's view that the full requested amount should be included in this bill to ensure the successful implementation of the AMERICA 2000 initiative.

The Senate Committee bill would provide \$39.2 million less than the President's request for research, statistics, and improvement activities within the Department of Education. The Administration believes that this level is insufficient to maintain, much less expand, the knowledge base in support of education reform. This is a clear Federal responsibility. The Senate is urged to restore funding to the requested level.

In light of the current crisis in the management of the student loan program, the Administration objects to the 14 percent reduction below the President's budget request for administration of the Guaranteed student loan program. This provision, along with provisions that limit the Secretary of Education's ability to fine schools that charge excessive living allowances, contradicts the recommendations of Senator Nunn's Subcommittee, the General Accounting Office, and an Education/OMB task force. This would make the Department's task of restoring management credibility to the program more difficult.

The Committee bill would provide \$325 million to the Department of Education for transfer to the Department of Health and Human Services for Head Start, community health centers, and child development centers. The Administration believes that funding for these programs should be provided through appropriations to the Department of Health and Human Services. The Committee's action would not result in any outlay savings, nor would the \$325 million be scored as education funding. The transfer would serve only to complicate and obscure budget and accounting records for the two agencies.

The Administration again objects to continuing the \$273 million in directed educational funding for health professions. These categorical grants would be more appropriately used to fund broad-based student assistance for all disadvantaged students, regardless of their profession.

Alcohol, Drug Abuse, and Mental Health Administration Treatment Funding

The Committee has not provided the \$68 million requested to expand the capacity of the drug abuse treatment system. The Committee's report states that \$137 million is added to the Alcohol, Drug Abuse, and Mental Health Block Grant instead of funding the as-yet unauthorized capacity expansion program. The Administration believes that the proposed capacity expansion program is a better way than the Block Grant to provide treatment funds for areas of need and to hold States accountable for the spending of these funds. The Administration urges the Senate to provide funds for this high-priority program in anticipation of enactment of authorizing legislation.

On the basis of OMB's initial scoring, the Administration finds that the Senate Committee bill exceeds the Senate 602(b) allocation for domestic discretionary outlays by \$700 million.

Additional Administration concerns with the bill as reported by the Senate Committee are discussed in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 2707 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
AND EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Health and Human Services:

Adolescent Family Life Program (AFL). The Administration objects to the elimination of funding for AFL. The AFL program supports grants to test new and innovative approaches for addressing the problems of adolescent pregnancy. One objective of AFL is to promote adoption as a positive option for unmarried pregnant adolescents.

Health Resources and Services Administration (HRSA)
-- Health Professions Training. The Administration continues to object to the funding of numerous low-priority categorical grants, most of which provide medical and allied health school curriculum assistance. The Committee has provided approximately \$273 million for categorical health professions training programs, many of which are untargeted and outdated grants.

After two decades of heavy Federal support, the aggregate shortage of health professionals has abated. The Administration believes that this money would be far better spent in broad-based student aid programs for low income and disadvantaged students -- such as Pell Grants -- than for these special interest grants.

Interim Assistance to States for Legalization (SLIAG). The Senate Committee would use \$1.1 billion of budget authority and \$242 million of outlays from the FY 1993 discretionary spending limits by moving FY 1992 SLIAG budget authority and outlays a few months into FY 1993. The Administration has proposed permanently rescinding these funds to free up resources for higher priority spending in FY 1992 and subsequent years.

The Committee, in electing not to make real reductions in resources for this activity, has merely moved budget authority and outlay burdens into the future.

Office of the Inspector General (OIG). The Administration objects to the Committee's \$9.5 million reduction from the request for the OIG. The Committee's funding level would jeopardize the Inspector General's ability to carry out critical functions, including added responsibilities required to support full implementation of the Chief Financial Officers Act of 1990.

Department of Education:

Special Education -- Infants and Families Grants. The Senate Committee provides \$46.2 million more than the President's request for Infants and Families grants. Recently enacted provisions in P.L. 102-52 provide States with sufficient relief from program requirements that additional Federal funds are not needed to keep them from dropping out of the program. Any increases above the President's request likely would be used by States to supplant other Federal, State, local, and private sources of funding for services, with no net gain for the handicapped. The Senate is urged to fund Infants and Families grants in accord with the President's request.

Special Education -- Chapter 1 Handicapped Grants. The Senate Committee report supports the Administration's plan to begin the merger of Chapter 1 Handicapped with the larger Basic Grants program of the Individuals with Disabilities Education Act. The Administration proposal would shift funding from Chapter 1 to Basic Grants to begin a phased merger with child shares equalized between the two programs. The Committee has increased Basic Grants without adjusting Chapter 1 funding. This action would perpetuate the inequity in child shares between the two programs. The Senate is urged to reduce funding for Chapter 1 Handicapped grants to conform to the mutually desired policy of a phased merger into Basic Grants.

Rehabilitation Services. The Senate Committee bill would fund this account, which is classified as mandatory under the Budget Enforcement Act (BEA), at \$2.1 billion, \$68 million over the baseline. In accordance with BEA scorekeeping rules, the \$68 million will be scored against the discretionary budget authority cap. The Congress and the Administration will be considering the reauthorization of programs under the Rehabilitation Act over the next year. The Administration believes that an increase of this magnitude is premature and without programmatic basis.

In addition, the bill would earmark \$6 million of the \$25 million provided for special demonstration programs for a non-competitive grant to a single hearing research center. This would inappropriately restrict the Secretary's flexibility in making awards under this discretionary grant program.

School Improvement Program. The Administration objects to the Senate Committee's failure to adopt the President's proposal to consolidate the Education for Homeless Children and Youth program into a single demonstration authority to be administered by the Department of Housing and Urban Development. Experience has proven that there is no benefit to the homeless in having multiple agency demonstration projects with overlapping purposes. Although the Senate Committee would provide \$25 million less than the House bill, funding would still be \$17.7 million over the FY 1991 enacted level for this program.

The Dropout Prevention Demonstration program is not a continuing grant program. It is a set of carefully controlled demonstrations that are being rigorously evaluated to provide information to improve the many dropout prevention programs already being carried out with and without Federal funding. The additional funding provided by the Committee over the President's request is not needed to complete the current round of demonstrations, and funding another set of Federal projects would be wasteful spending.

Guaranteed Student Loan Salaries and Expenses. In addition to the one-percent across-the-board reduction, the bill would reduce Salaries and expenses in the Guaranteed student loan programs by approximately 14 percent below the President's request. The administrative resources requested by the President for Guaranteed student loans are critical to correcting the serious management problems that have been identified in recent reports by the General Accounting Office, Senator Nunn's Subcommittee, and the joint Department of Education/OMB review team.

Chief Financial Officers Act of 1990 (CFOs Act). The Administration supports full implementation of the CFOs Act of 1990. The Committee's reductions to Program Administration and the Office of the Inspector General would threaten the Department's ability to carry out a significant aspect of the Act: the preparation and audit of financial statements. The Administration urges the Senate to provide funding levels consistent with the President's request to ensure the implementation of the CFOs Act.

Higher Education. The bill would provide \$10 million for Urban Community Service Funds, an activity authorized in 1986, but never funded. Funding this program is inappropriate because its activities duplicate those under many other currently operating higher education programs.

Department of Labor:

Bureau of Labor Statistics. The Administration objects to the Committee's \$37 million reduction to the request for the Bureau of Labor Statistics (BLS). The reduction would eliminate funding to conduct pay surveys mandated by the Federal Employees Pay Comparability Act of 1990 (FEPCA), and BLS' part of a government-wide long-term plan to improve Federal employment, price, and other economic statistics. Without the pay surveys, locality-based comparability payments for approximately 1.5 million General Schedule employees could not be determined as required by FEPCA. In addition, the Committee's reduction would eliminate the last year of funding necessary to complete BLS' planned national office consolidation.

All three of the initiatives that would be eliminated by the Committee's reduction are multi-year projects, the first stages of which have previously been approved by Congress. BLS has already hired staff and committed resources to these projects, based on the expectation that funding for these multi-year projects would continue to be provided.

Training and Employment Services -- Title III of the Job Training Partnership Act. The Senate has added \$50 million for the Clean Air transition assistance program to the President's request of \$527 million for the Economic Dislocation and Worker Adjustment Assistance (EDWAA) program. The Budget request includes \$50 million for Clean Air transition assistance within the \$527 million total requested.

Nearly 295,000 dislocated workers would be served under the Administration's EDWAA request, representing about 55 percent of the annual average number of prime-age, experienced dislocated workers reported in surveys conducted by the Bureau of Labor Statistics. This participation rate compares favorably with participation rates reported in evaluations of several Labor Department worker readjustment demonstration projects. Moreover, the Administration request takes into account the \$150

million provided in FY 1991 for three years to finance worker adjustment assistance programs authorized by the Defense Conversion Adjustment program.

Training and Employment Services -- Job Corps. The Senate Committee has added \$60 million in new budget authority to the Administration's \$867 million request for the Job Corps in FY 1992. The Senate Committee has denied the budget request for a \$20 million reappropriation of FY 1989 capital funds earmarked for program expansion. Instead, the Committee bill would extend the availability of the resources earmarked for expansion and provide another \$10 million for operations, and \$30 million for center relocations and new center acquisition costs. In report language, the Committee directs the Administration to "expeditiously proceed" with the expansion program.

The Administration firmly believes that the Committee's priorities for the Job Corps program are misdirected. Expansion should have halted with the two new centers opening in program year 1991. Diverting limited resources to finance program expansion instead of program improvements could hurt program outcomes at existing centers. Expanding the program by four additional centers would boost operations costs by about \$20 million annually.

Training and Employment Services -- National Programs. The Senate Committee has added \$65 million to the Administration's FY 1992 request for Job Training Partnership Act national programs and programs for special groups within the economically disadvantaged population. The FY 1992 request for these programs is sufficient to meet current program needs, and the 37-percent increase provided by the Senate is not necessary.

Included in the increase is \$11.2 million for the McKinney Act Job Training for the Homeless demonstration program. In an effort to stimulate more comprehensive, innovative services to the homeless, the Administration has requested funds for this program in the Supplemental Assistance for Facilities to Assist the Homeless account in the Department of Housing and Urban Development. The Administration urges the Senate to finance job training for the homeless through that account only.

Community Service Employment for Older Americans. The Senate Committee has added \$57 million to the Administration's \$343 million request for the Community Service Employment for Older Americans (CSEOA) program. The Administration's FY 1992

request for CSEOA reflects the severe budget constraints facing domestic discretionary programs, thus limiting the availability of funds for this program.

State Unemployment Insurance and Employment Services Operation (SUIESO) -- Employment Service. The Senate Committee has provided \$88.1 million in additional funds for allotments to States to operate local Employment Service offices and an additional \$12.5 million for automation of State activities, the latter amount made unavailable for obligation until September 30, 1992. This amounts to \$95.6 million above the President's request. In the Administration's view, there are higher priority uses of these funds, and the Senate is urged to finance the Employment Service at the requested level.

Office of Inspector General (OIG). The Administration objects to the Committee's \$1.3 million reduction from the request level for the OIG. A level consistent with the President's request is required to carry out a strong Inspector General function and to support full implementation of the Chief Financial Officers Act of 1990.

United States Institute for Peace (USIP):

Funding Level. The Committee bill would provide \$3 million, or 34 percent, more than the President's Budget for the U.S. Institute for Peace. Although USIP is a well run organization, an increase of this magnitude is unnecessary and inappropriate in a time of fiscal constraint.

B. Language Provisions

Department of Health and Human Services:

Health Education Assistance Loans Program (HEAL). The Administration observes that the Committee did not include the House bill language to limit FY 1992 obligational authority for the default-plagued HEAL program. The Administration urges the Senate to limit FY 1992 HEAL loan commitments to \$185 million.

Given the Government's total liability from the nearly \$2.6 billion in HEAL loans already outstanding and high levels of default rates among some categories of schools, the program warrants complete restructuring. The Administration is working with the authorizing Committees to improve the targeting and effectiveness of the HEAL Program.

Department of Labor:

Training and Employment Services. The Senate Committee has included bill language setting a ceiling on the amount of funds each State may receive under the FY 1992 allotment formula for the Job Training Partnership Act's (JTPA) title II-A grant program. The Administration does not support any restrictions on the distribution of funds established in the JTPA statutory formula.

Job Corps. The Senate bill includes language in sections 103 and 104 of the General Provisions that would prohibit the use of funds to contract out operations of Job Corps Civilian Conservation Centers with a non-governmental entity (section 103) and that would restrict the use of Job Corps funds for paying legal expenses in criminal cases (section 104). These provisions would limit the Administration's flexibility to manage the Job Corps program efficiently, and the Senate is urged to delete them.

Occupational Safety and Health Administration (OSHA). The Administration objects to the inclusion of restrictive provisions in OSHA's appropriations language concerning reporting requirements related to small farms; recreational hunting, shooting, or fishing; and small firms. These restrictions would limit the agency's flexibility to focus inspection resources on workplaces with the poorest safety records.

Mine Safety and Health Administration (MSHA). The Administration objects to the inclusion of appropriations language that would exclude sand, surface limestone, and similar mine operations from coverage under section 115 of the Mine Act. The hazards faced by these mining operations are no less serious than the hazards faced in other mining operations. Statistics show that these mines are no safer than other metal and non-metal mines.

Department of Education:

Program Administration. The Committee bill earmarks \$500 thousand for nine new FTE for monitoring grants under Part B of the Individual with Disabilities Education Act. The Administration believes that it is highly inappropriate for Congress to mandate so specifically how administrative resources for the Department of Education are to be used, particularly when the resource levels provided by the bill are inadequate to address the broad array of agency management needs.

Student Financial Assistance. The Committee bill would restrict the authority of the Secretary of Education to levy a fine on schools that are abusing students by charging too much for living allowances. Programs that use telecommunications devices as the sole method of instruction are considered correspondence courses; such programs are allotted lower living allowances. This provision would restrict the Secretary's authority to fine these schools to recoup the Federal funds expended on higher-than-authorized or inappropriate living allowances. The Senate is urged to delete this provision.

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION APPROPRIATIONS BILL, FY 1992

(in millions of dollars)

19-Jul-91

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Major Programs	FY 1991 Enacted 1/		President's Request		House Floor		Senate Committee 2/		Senate difference from House	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
DOMESTIC DISCRETIONARY:										
Department of Education:										
Compensatory education for the disadvantaged.....	6,224	5,335	6,224	6,037	7,076	6,139	6,285	6,044	-791	-95
Impact aid.....	781	815	620	695	765	806	770	810	5	4
School improvement programs.....	1,583	1,541	1,501	1,597	1,578	1,606	1,587	1,607	9	1
Educational Excellence.....	---	---	629	75	250	30	---	---	-250	-30
Bilingual and immigrant education.....	198	193	201	199	249	204	202	199	-47	-6
Education for the handicapped.....	2,467	2,317	2,730	2,632	2,823	2,643	2,861	2,650	38	6
Vocational and adult education.....	1,246	901	1,265	1,036	1,652	1,083	1,323	1,043	-328	-39
Student financial assistance.....	6,714	5,970	6,714	6,541	6,853	6,546	6,900	6,558	47	12
Higher education.....	771	600	795	637	821	641	811	615	-11	-27
Other.....	991	971	1,077	1,025	1,128	1,056	1,210	1,122	82	66
Total, Department of Education.....	20,974	18,644	21,754	20,473	23,194	20,755	21,947	20,647	-1,246	-107
Department of Health and Human Services:										
Health resources and services.....	2,122	1,902	2,019	1,946	2,138	2,017	2,445	2,190	307	173
Centers for disease control.....	1,312	1,234	1,398	1,288	1,391	1,284	1,526	1,433	135	149
National Institutes of Health.....	8,277	7,783	8,775	8,253	8,825	8,274	8,960	8,370	135	95
Alcohol, Drug Abuse and Mental Health Administration.....	2,947	2,608	3,048	2,909	2,918	2,858	3,119	2,928	201	70
Office of the Assistant Secretary for Health.....	67	83	65	78	61	76	54	70	-7	-6
Health Care Financing Administration.....	2,683	2,569	2,334	2,326	2,878	2,715	2,575	2,505	-303	-210
Low income home energy assistance.....	1,610	1,669	1,025	991	1,000	1,058	1,300	1,013	300	-45
Refugee and entrant assistance.....	411	386	411	408	294	326	411	326	117	---
Community services block grant.....	436	444	11	148	421	426	451	447	31	21
Interim assistance to States for legalization..	-567	---	-1,123	-242	-1,123	-242	-1,123	-242	---	---
Human development services.....	3,462	3,157	3,667	3,627	3,758	3,546	3,824	3,574	65	28
Supplemental security income program.....	1,415	1,278	1,321	1,444	1,371	1,444	1,321	1,444	-50	---
Other.....	1,069	344	1,052	881	1,093	887	1,166	891	73	5
Total, Department of Health and Human Services.....	25,244	23,456	24,004	24,056	25,024	24,671	26,029	24,950	1,004	279

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION APPROPRIATIONS BILL, FY 1992

19-Jul-91 05:25 PM

(in millions of dollars)

Major Programs	FY 1991		President's Request		House Floor		Senate Committee 2/		Senate difference from House	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Department of Health and Human Services -- Social Security: Limitation on administrative expenses.....	---	2,220	---	2,473	---	2,512	---	2,429	---	-83
Total, Department of Health and Human Services -- Social Security.....	---	2,220	---	2,473	---	2,512	---	2,429	---	-83
Department of Labor: Training and employment services.....	4,079	3,897	4,052	4,074	4,138	4,056	4,202	4,059	64	3
State unemployment insurance and employment services.....	25	25	25	24	23	23	25	24	1	0
Unemployment trust fund.....	3,138	3,122	3,342	3,403	3,532	3,467	3,557	3,498	25	31
Occupational Safety and Health Administration.....	285	279	302	296	302	296	305	298	3	3
Community service employment for older Americans.....	390	360	343	380	390	388	400	390	10	2
Other.....	924	979	1,042	1,077	1,008	1,049	995	1,039	-13	-9
Total, Department of Labor.....	8,843	8,661	9,105	9,254	9,394	9,278	9,484	9,308	90	30
Corporation for Public Broadcasting.....	299	299	327	327	327	327	327	327	---	---
All other.....	854	852	802	800	873	879	823	838	-50	-41
Total, Domestic Discretionary.....	56,214	54,132	55,992	57,383	58,812	58,422	58,610	58,500	-202	78
INTERNATIONAL DISCRETIONARY: United States Institute of Peace.....	8	9	9	9	8	8	12	12	4	4
Total, International Discretionary.....	8	9	9	9	8	8	12	12	4	4
TOTAL DISCRETIONARY.....	56,222	54,141	56,001	57,392	58,820	58,430	58,622	58,512	-198	82
602(b) Allocations:										
HOUSE	BA	OL	BA	OL	SENATE					
Domestic Discretionary	59,275	57,800	59,275	57,800						
International Discretionary	9	9	12	12						

Note: Detail may not add to totals due to rounding.

1/ FY 1991 Enacted includes credit reform adjustments for comparability with FY 1992. 2/ Based on preliminary OMB scoring of the Senate Committee bill.

**CBO ESTIMATES COMPARED TO OMB ESTIMATES
LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION
APPROPRIATIONS BILL, FY 1992
(IN MILLIONS OF DOLLARS)**

19-Jul-91
02:50 PM

	<u>Senate Committee</u>	
	<u>BA</u>	<u>OL</u>
CBO ESTIMATE,		
DOMESTIC DISCRETIONARY SPENDING 1/.....	58,291	57,800
Scorekeeping Adjustments:		
Department of Labor:		
Employment and Training Administration: Unemployment trust fund.....	76	---
As stated in the Budget Enforcement Act (BEA), for appropriations contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation. OMB's scoring of the contingency takes into account the budget authority required to fund the standard error in the Department of Labor's technical estimates of average weekly insured unemployment.		
Employment and Training Administration: Program administration, Training and employment services, and Community service employment for older Americans.....	---	23
Spendout rate difference.		
Department of Health and Human Services:		
Health Care Financing Administration: Program management.....	157 2/	121
The Committee bill increases the President's requested Medicare contractor contingency level from \$100 M to \$257 M. OMB scores the the additional contingency amount as BA, consistent with the BEA requirement. Language contained in the Committee bill eases the availability of contingency funds by permitting their use for any "unanticipated costs," not just for "unanticipated workload" increases.		
Family Support Administration (FSA): Low income home energy assistance program.....	---	18
Spendout rate difference		
FSA: Interim assistance to States for legalization.....	---	117
Spendout rate difference		
National Institutes of Health.....	---	20
Spendout rate difference		
Department of Education:		
Office of Special Education and Rehabilitative Services: Rehabilitation services and disability research.....	68	53
This entire account is mandatory. Under the BEA scorekeeping rules, any increases over the mandatory baseline are scored as discretionary spending. The appropriation for this account exceeds the OMB baseline by \$68 M; OMB scores this account consistent with the BEA.		

**CBO ESTIMATES COMPARED TO OMB ESTIMATES
LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION
APPROPRIATIONS BILL, FY 1992
(IN MILLIONS OF DOLLARS)**

19-Jul-91
02:50 PM

Senate Committee	
BA	OL

Railroad Retirement Board: Federal windfall subsidy.....	18	18
CBO scores the base appropriation for this account \$18 M lower than OMB. CBO believes that \$18 M of the total appropriation becomes available under section 224(c)(1)(B) of P.L. 98-76. OMB scores the \$18 million as discretionary because the windfall benefit taxes are a result of Congress' appropriation to this discretionary account.		
Other Outlay Spendout Rate Differences (net).....	---	2
Less CBO Budget Resolution Adjustment.....	---	328
	-----	-----
TOTAL SCOREKEEPING ADJUSTMENTS.....	319	701
OMB ESTIMATE,		
DOMESTIC DISCRETIONARY SPENDING 3/.....	58,610	58,500
HOUSE 602(b) ALLOCATION.....	59,275	57,800
SENATE 602(b) ALLOCATION.....	59,275	57,800
Difference between OMB estimate and Senate 602(b) allocation	-665	700

Notes: Detail may not add to totals due to rounding.

1/ CBO's estimates based on CBO bill run dated 7/16/91.

2/ The President's Budget included a \$100 M contingency level that should have been scored as discretionary BA, but was not scored. Therefore, the Committee bill will not be scored for the level requested in the Budget.

3/ Based on OMB's preliminary scoring of the Senate Committee bill.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

June 25, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 2707 -- LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND
RELATED AGENCIES APPROPRIATIONS BILL, FY 1992**

(Sponsors: Whitten (D), Mississippi; Natcher (D), Kentucky)

This Statement of Administration Policy expresses the Administration's views on the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 1992, as reported by the Committee.

The Committee has adopted an amendment that would permit the use of funds provided in this bill for counseling on abortion. The effect of this amendment would be to weaken substantially existing regulations for abortion-related activities. The President stated in a letter to Speaker Foley on June 4th that he would veto any legislation that weakens current law or existing regulations for abortion-related activities. Therefore, the President would veto this bill if it were adopted as presently written.

The Committee has attempted to create a contingent appropriation to provide additional funds for administration of the unemployment insurance (UI) system. In fact, however, the language operates to provide additional funds without further action by the Congress or the President, thereby making them a mandatory expenditure. Language of the Committee bill would provide an additional \$30 million for every 100,000 increase in the average weekly insured unemployment (AWIU) projected by the Department of Labor over the 3.24 million AWIU level assumed in the President's FY 1992 Budget request.

Changing a portion of the discretionary unemployment insurance account -- the account that finances the costs of administering the unemployment insurance program -- to mandatory is a change in classification and a fundamental change to the Budget Enforcement Act (BEA). This language can be changed to avoid such a reclassification, and the Administration is anxious to work with the Appropriations Committee to resolve this issue. However, if the current language is adopted, the President's senior advisers would recommend that he veto the bill for this reason alone.

The President requested \$2.3 billion for UI administrative costs. If actual unemployment is significantly higher than estimated in the FY 1992 Budget, a recalculation of necessary UI administrative costs would be appropriate. The Administration has indicated that to the extent that changed real growth and unemployment forecasts cause unexpected UI administrative cost increases, the amount by which any revised estimates exceed the budget request would be designated as an "emergency" and thus be exempt from the BEA spending limits. As a result, no new contingency fund is necessary or appropriate, and any redesignation of discretionary spending to mandatory spending is unjustified.

The Administration objects to the Committee's inclusion of a \$600 million "Energy Emergency Assistance Fund" for the Low Income Home Energy Assistance Program (LIHEAP). The Committee's base funding level of \$1.0 billion is generally consistent with the President's request of \$1.025 billion. The budget request for a \$100 million contingency appropriation, however, is based on specific market criteria, including a 20-percent increase in oil prices. In contrast, the Committee's "Energy Emergency Assistance Fund" is specifically designed to circumvent the discipline of the domestic discretionary spending limits established by the BEA. Under the Committee's proposal, 1) the \$600 million would become available if the President submitted a request designating the funding as an emergency; and 2) the resulting funding would be considered to be over and above the spending limits mandated by the BEA.

It is the Administration's position that annual appropriations for programs such as LIHEAP, the requirements for which can be -- and have been for many years -- reasonably estimated in advance, should not be designated as an "emergency." Therefore, the Office of Management and Budget would not recommend to the President that he designate any of these funds as an "emergency." If the Congress' priorities include higher spending for LIHEAP, then the Administration believes that the Congress should enact a larger regular appropriation, with offsetting reductions in other programs.

On the basis of OMB's initial scoring, the Committee bill exceeds the House 602(b) allocation for domestic discretionary budget authority by \$156 million and the domestic discretionary outlay allocation by \$602 million. This is in large part due to the Committee's excessive funding of contingencies. The \$257 million level of funding recommended by the Committee for the Health Care Financing Administration's (HCFA's) contractor account greatly exceeds any previous contingency fund level. The FY 1992 Budget requested a \$100 million contingency. Further, language of the Committee bill would provide for release of the contingency funds for "unanticipated costs," instead of for "unanticipated workloads," the requested language, thereby greatly increasing the likelihood that these funds may be utilized.

The Committee has funded only \$69 million of the requested \$139 million for the Healthy Start Initiative. This initiative targets funds for high risk infant mortality areas and is a high priority of the Administration. The reduced level of funding provided by the Committee bill would severely limit the Department's ability to address this public health crisis. The House is urged to fund fully the Healthy Start Initiative.

The Administration appreciates the willingness of the Committee to reserve \$250 million for the AMERICA 2000 initiative, which is pending authorization. However, \$690 million is required for this strategy, of which \$46.5 million requires no new authorizing legislation. It is the Administration's view that the full requested amount should be included in this bill to ensure the successful implementation of the AMERICA 2000 strategy. All elements of the AMERICA 2000 program are essential to the States' efforts to reform education.

The Committee bill would provide \$54.4 million less than the President's request for research, statistics, and improvement activities within the Department of Education. The President has requested \$27.5 million in additional funds to support important research and data collection activities that would help States and localities to improve educational performance and achieve the National Education Goals. These activities are vital to successful education reforms. The House is urged to restore funding to the requested level.

The Committee bill would not provide any of the increases requested in the FY 1992 Budget for drug treatment and prevention programs of the Alcohol, Drug Abuse, and Mental Health Administration. Further, the bill would not provide any of the \$68 million requested for grants to increase drug abuse treatment capacity. The Administration urges the House to provide funds for these high priority programs at the levels requested in the Budget in anticipation of enactment of authorizing legislation.

Additional Administration concerns with the bill are discussed in the attachment.

Attachment

(House Floor)

ADDITIONAL CONCERNS
H.R. 2707 -- DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES,
AND EDUCATION, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1992

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Health and Human Services:

Interim Assistance to States for Legalization. The Committee bill would use up \$242 million of the FY 1993 discretionary outlay spending limit by moving FY 1992 Interim assistance to States for legalization (SLIAG) outlays a few months into FY 1993. The Administration proposed permanently rescinding these funds to free up resources for higher priority spending in FY 1992 and subsequent years. The Committee, in electing not to make real reductions in resources for this activity, has, instead, shifted the outlay burden into the future. The Administration continues to believe that rescission of these funds is appropriate.

Health Resources and Services Administration (HRSA)
-- Health Professions Training. The Administration is pleased that the Committee has met the FY 1992 President's request for high-priority health professions training programs that assist disadvantaged and minority students in pursuing a health professions education. However, the Administration continues to object to the funding of numerous low-priority categorical grants, most of which provide medical and allied health school curriculum assistance. The Committee has provided approximately \$300 million for categorical health professions training programs, many of which are untargeted and outdated grants. After two decades of heavy Federal support, the aggregate shortage of health professionals has abated. The Administration believes that this money would be far better spent in broad-based student aid programs for low income students -- such as Pell Grants -- than for these special interest grants. There is no justification for providing special assistance only to these selected institutions and professions.

National Institutes of Health (NIH) -- Biomedical Research. The Administration commends the Committee for placing a high priority on biomedical research, consistent with the President's FY 1992 Budget. However, the Administration observes that after NIH were to absorb its portion of the HHS-wide reduction of \$124 million in funding for salaries and expenses recommended by the Committee, the net funding level for NIH may fall below the President's request. This could delay the advances in biomedical research sought in the FY 1992 Budget.

NIH -- One-Percent Transfer Authority. The Administration is concerned about the Committee's deletion of authority for the Director of NIH to direct up to one percent of the NIH appropriation to important research opportunities as they emerge. This important authority is needed so that the NIH Director may adjust resource allocations as public health challenges arise.

NIH -- Human Genome. The Administration regrets that the Committee has allocated only \$93 million to the human genome project, instead of the \$110 million requested in the FY 1992 Budget, and urges the House to restore funding to the requested level.

Department of Education:

Vocational Education. The Committee bill would provide \$366.7 million above the President's request for vocational education. The Administration believes that such an increase is inappropriate at this time. The Committee report accompanying the bill directs the largest increases to programs that were either added or substantially revised by the recent Vocational Education reauthorization. Implementation of these programs is just beginning. It is the Administration's view that an increase in funding should not be considered until there is evidence on which to evaluate the implementation of the new provisions.

Head Start. The Committee bill would provide an increase of \$250 million over the FY 1991 enacted level of \$1,952 million through a transfer of funds from the Department of Education to the Department of Health and Human Services. The Administration believes that all funding for Head Start should be provided through appropriations to the Department of Health and Human Services.

School Improvement Program. The Administration objects to the Committee's failure to adopt the President's proposal to consolidate the Education for Homeless Children and Youth program into a consolidated authority to be administered by the Department of Housing and Urban Development. The President's proposal would provide unified funding to support comprehensive innovative programs to meet long-term needs of the homeless. Instead, the Committee has retained the highly compartmentalized structure of current law and has provided \$37 million, an increase of \$29.7 million over the FY 1991 funding level, for this program.

In addition, the Committee has provided \$20.8 million over the President's request for the Dropout Prevention Demonstration. The Committee has inappropriately provided funding for this program as if it were a regular grant program. The additional money is not required to complete the current round of demonstrations; another set of Federally-funded projects is not needed. Evaluation of the current demonstration projects will provide information needed to guide and improve the many dropout prevention programs already being funded through non-Federal sources.

Howard University. The Committee bill would provide \$23.6 million more than requested for "emergency construction," providing 100-percent financing for the repair of Howard's electrical and water systems and for the repair and replacement of Howard's data processing systems. The President's request contains no construction funding, on the grounds that it is inappropriate for the Federal Government to assume responsibility for maintaining the physical plant of the University.

Education Research, Statistics, and Improvement. The Committee report accompanying the bill recommends that the Department of Education create an Office of Educational Technology and earmarks \$8 million to initiate a single, model High Tech Demonstration Program, to be awarded to one local educational agency. This is substantial funding for a single project. The Department is heavily engaged in a variety of projects to explore high technology, and it would be highly inappropriate to invest this much money in any one project at this time.

Department of Labor:

Training and Employment Services -- Title III of the Job Training Partnership Act. The Committee has added \$50 million for the Clean Air transition assistance program to the President's FY 1992 request of \$527 million for the Economic Dislocation and Worker Adjustment Assistance (EDWAA) program, authorized in title III of the Job Training Partnership Act. The Administration's request includes \$50 million for Clean Air transition assistance within the \$527 million total requested. Nearly 295,000 dislocated workers would be served under the Administration's EDWAA request, representing about 55 percent of the annual average number of prime-age, experienced dislocated workers reported in surveys conducted by the Bureau of Labor Statistics. This participation rate compares favorably with participation rates reported in evaluations of several Labor Department worker readjustment demonstration projects. Moreover, the Administration request takes into account the \$150 million provided in FY 1991 for three years to finance worker adjustment assistance programs authorized by the Defense Conversion Adjustment program.

Training and Employment Services -- Job Corps. The Committee has added \$31 million to the Administration's \$867 million request for new budget authority for the Job Corps in FY 1992. The Committee has denied the budget request for a \$20 million reappropriation of FY 1989 capital funds earmarked for program expansion. Instead, the Committee bill would provide an unrequested \$20 million to replace the proposed reappropriation, another \$11 million in additional funding, and would extend by one year the time over which the FY 1989 capital funds may be spent. In report language, the Committee directs the Administration to use the \$20 million to carry out the six-center expansion program in an "expeditious manner."

The Administration firmly believes that the Committee's priorities for the Job Corps program are misdirected. The FY 1992 Budget calls for halting any expansion beyond the two new centers opening in program year 1991. Diverting limited resources to finance program expansion could hurt program outcomes at existing centers. In addition, expanding the program by four additional centers would require

substantial additional appropriations for capital costs, and would boost operations costs by about \$20 million annually.

State Unemployment Insurance and Employment Services Operation (SUIESO) -- Employment Service. The Committee has provided \$55 million in additional funds for allotments to States to operate local Employment Service offices and an additional \$12 million for automation of State activities, the latter amount made unavailable for obligation until after September 30, 1992. This amounts to \$67 million above the President's request. In the Administration's view, there are higher priority uses of these funds, and the House is urged to finance the Employment Service at the requested level.

Chief Financial Officers Act of 1990. The Administration supports full implementation of the Chief Financial Officers Act of 1990, and the President requested funding for this Act for each of the affected Cabinet agencies. Funding for implementation of the CFOs Act was not provided by the Committee for the Departments of Labor, Health and Human Services, and Education. The Administration strongly urges restoration of this funding to carry out implementation of the CFOs Act.

B. Language Provisions

Department of Labor:

Job Corps. The Committee bill includes language in sections 103 and 104 of the General Provisions that would prohibit the use of funds to contract out operations of Job Corps' Civilian Conservation centers with a non-governmental entity (section 103) and that would restrict the use of Job Corps funds for paying legal expenses in criminal cases (section 104). These provisions would limit the Administration's flexibility to manage the Job Corps program efficiently.

Occupational Safety and Health Administration (OSHA). The Administration objects to the inclusion of restrictive provisions in OSHA's appropriations language concerning reporting requirements related to small farms; recreational hunting, shooting or fishing; and small firms. These restrictions would limit the agency's flexibility to focus inspection resources on workplaces with the poorest safety

records. In addition, the change in the reporting instruction that would require employers to report employment accidents that result in the hospitalization of one or more employees is objectionable. OSHA would be required to investigate an increased number of accidents, placing an additional burden on the agency's already scarce resources.

Mine Safety and Health Administration (MSHA). The Administration objects to the inclusion of appropriations language that would exclude sand, surface limestone, and similar mine operations from coverage under section 115 of the Mine Act. The hazards faced by these mining operations are no less serious than the hazards faced in other mining operations. Statistics show that these mines are no safer than other metal and non-metal mines.

Department of Health and Human Services:

Health Education Assistance Loans Program (HEAL). The Administration commends the Committee for recognizing the problem of increasing default expenditures for the HEAL program, and agrees that this cannot and should not continue. The Administration is pleased that the Committee has again placed a limitation on HEAL annual obligational authority and, further, urges the House to adopt an annual limit on HEAL obligational authority of \$185 million rather than \$260 million as proposed by the Committee. Given the Government's total liability from the nearly \$2.6 billion in HEAL loans already outstanding and the high levels of default rates among some categories of schools, the program warrants complete restructuring. The Administration is working with the authorizing committees to improve the targeting and effectiveness of the HEAL Program.

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION APPROPRIATIONS BILL, FY 1992
(in millions of dollars)

25-Jun-91
04:53 PM

Major Programs	FY 1991 Enacted 1/		President's Request		House Committee 2/		House difference from:			
	BA	OL	BA	OL	BA	OL	Enacted		Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
DOMESTIC DISCRETIONARY:										
Department of Education:										
Compensatory education for the disadvantaged.....	6,224	5,335	6,224	6,037	7,076	6,139	851	803	851	102
Impact aid.....	781	815	620	695	765	806	-16	-10	145	111
School improvement programs.....	1,583	1,541	1,501	1,597	1,578	1,606	-5	65	77	9
Educational Excellence.....	---	---	629	75	500	60	500	60	-129	-15
Bilingual and immigrant education.....	198	193	201	199	249	204	51	12	48	6
Education for the handicapped.....	2,467	2,317	2,730	2,632	2,823	2,643	355	326	93	11
Vocational and adult education.....	1,246	901	1,265	1,036	1,652	1,083	406	181	387	47
Student financial assistance.....	6,714	5,970	6,714	6,541	6,853	6,546	139	576	139	5
Higher education.....	771	600	795	637	821	640	51	40	27	3
Other.....	991	971	1,077	1,025	878	1,026	-113	55	-199	1
Total, Department of Education.....	20,974	18,644	21,754	20,473	23,194	20,754	2,220	2,109	1,440	280
Department of Health and Human Services:										
Health resources and services.....	2,122	1,902	2,019	1,946	2,138	2,017	16	115	119	71
Centers for disease control.....	1,312	1,234	1,398	1,288	1,391	1,284	79	51	-7	-4
National Institutes of Health.....	8,277	7,783	8,775	8,253	8,825	8,274	548	492	50	21
Alcohol, Drug Abuse and Mental Health Administration.....	2,947	2,608	3,048	2,909	2,918	2,858	-30	250	-131	-51
Office of the Assistant Secretary for Health.....	67	83	65	78	63	78	-4	-5	-2	-0
Health Care Financing Administration.....	2,683	2,513	2,334	2,335	2,978	2,507	295	-5	643	172
Low income home energy assistance.....	1,610	1,669	1,025	991	1,600	1,058	-10	-611	575	68
Refugee and entrant assistance.....	411	386	411	408	294	326	-117	-59	-117	-82
Community services block grant.....	436	444	11	148	421	426	-15	-18	410	279
Interim assistance to States for legalization.....	-567	---	-1,123	-242	-1,123	-242	-556	-242	---	---
Human development services.....	3,462	3,157	3,667	3,627	3,746	3,539	285	382	79	-87
Supplemental security income program.....	1,415	1,278	1,321	1,444	1,371	1,444	-44	166	50	---
Other.....	1,069	399	1,052	872	1,098	1,081	29	681	46	209
Total, Department of Health and Human Services.....	25,244	23,456	24,004	24,056	25,719	24,652	475	1,197	1,716	596

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION APPROPRIATIONS BILL, FY 1992
(in millions of dollars)

25-Jun-91
04:53 PM

Major Programs	FY 1991 Enacted 1/		President's Request		House Committee 2/		House difference from:			
	BA	OL	BA	OL	BA	OL	Enacted		Request	
							BA	OL	BA	OL
Department of Labor:										
Training and employment services.....	4,079	3,897	4,052	4,074	4,138	4,056	58	158	86	-18
State unemployment insurance and employment services.....	25	25	25	24	23	23	-2	-1	-1	-0
Unemployment trust fund.....	3,136	3,122	3,322	3,403	3,456	3,467	320	345	134	63
Occupational Safety and Health Administration Community service employment for older Americans.....	285	279	302	296	302	296	17	17	---	---
Other.....	390	360	343	380	390	388	0	28	48	9
	927	979	1,042	1,077	1,008	1,049	-82	70	-34	-29
Total, Department of Labor.....	8,843	8,661	9,085	9,254	9,318	9,278	475	617	233	25
Corporation for Public Broadcasting.....	299	299	327	327	327	327	28	28	---	---
All other.....	854	3,072	802	3,272	873	3,391	19	319	71	118
Total, Domestic Discretionary.....	58,214	54,132	55,972	57,383	59,431	58,402	3,217	4,270	3,459	1,019
INTERNATIONAL DISCRETIONARY:										
United States Institute of Peace.....	8	9	9	9	8	8	0	-0	-1	-1
Total, International Discretionary.....	8	9	9	9	8	8	0	-0	-1	-1
TOTAL, DISCRETIONARY.....	58,222	54,141	55,981	57,392	59,439	58,410	3,217	4,270	3,458	1,018
602(b) Allocations:	BA	OL								
Domestic Discretionary	59,275	57,800								
International Discretionary	9	9								

Note: Detail may not add to totals due to rounding.

1/ FY 1991 Enacted includes credit reform adjustments for comparability with FY 1992.

2/ Based on preliminary OMB scoring of the House Committee bill.

**CBO ESTIMATES COMPARED TO OMB ESTIMATES
LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION
APPROPRIATIONS BILL, FY 1992
(IN MILLIONS OF DOLLARS)**

25-Jun-91
05:33 PM

	House Committee	
	BA	OL
CBO ESTIMATE, DOMESTIC DISCRETIONARY SPENDING 1/.....	58,502	57,800
Scorekeeping Adjustments:		
Department of Labor:		
Employment and Training Administration: Program administration, Training and employment services, and Community service employment for older Americans.....	---	26
Spendout rate difference.		
Department of Health and Human Services:		
Health Care Financing Administration: Program management.....	257	109
The Committee increased the President's requested Medicare contractor contingency level from \$100 M to \$257 M. Language contained in the House Committee bill eased the availability of contingency funds by permitting their use for any "unanticipated costs," not just for "unanticipated workload" increases. OMB scores the full contingency amount as BA. OMB scores outlays of \$109 M resulting from an assumed obligation level of \$125 M for the contingency level of \$257 M.		
Family Support Administration(FSA): Low income home energy assistance program (LIHEAP).....	600	---
As stated in the Budget Enforcement Act (BEA), appropriations contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation. OMB scores the full contingency amount as BA, consistent with BEA. OMB does not score the appropriation as an emergency requirement. OMB would not recommend designation of any of these funds as an "emergency" since the requirements for the program can be reasonably estimated in advance.		
FSA: Low income home energy assistance program.....	---	63
Spendout rate difference		
FSA: Interim assistance to States for legalization.....	---	117
Spendout rate difference		
National Institutes of Health: Buildings and facilities.....	---	35
Spendout rate difference		
Social Security Administration: Supplemental security income program.....	50	---
The FY 1992 President's Budget included a \$50 M contingency for this account. The House Committee provided a \$100 M contingency fund for use "only to the extent necessary to process workloads not anticipated in the budget estimates..." OMB scores the contingency consistent with the President's Budget.		

**CBO ESTIMATES COMPARED TO OMB ESTIMATES
LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION
APPROPRIATIONS BILL, FY 1992
(IN MILLIONS OF DOLLARS)**

25--Jun--91
05:33 PM

	House Committee	
	BA	OL
Department of Health and Human Services (cont'd):		
Health Resources and Services Administration: Health education assistance loans programs.....	1	1
CBO gives the Appropriations Committee credit for reducing the loan level below the baseline.		
Railroad Retirement Board: Federal windfall subsidy.....	21	15
CBO's scoring of the Federal windfall subsidy account includes: \$18 M that CBO believes becomes available under section 224(c)(1)(B) of P.L. 98-76, and \$9 M in estimated interest earnings. OMB does not believe that funds become available under the above provision because these funds represent an appropriation of taxes on the windfall benefits. None of this account is mandatory; if Congress were to appropriate zero for the account there would be no resulting windfall benefit taxes. Therefore, the Committee should be scored for the \$18 M. OMB's scoring of this account includes \$12 M in estimated interest earnings.		
Miscellaneous Outlay Spendout Rate Differences.....	---	-92
Get Resolution Adjustment.....	---	328
TOTAL SCOREKEEPING ADJUSTMENTS.....	929	602
<hr/>		
OMB ESTIMATE,		
DOMESTIC DISCRETIONARY SPENDING 2/.....	59,431	58,402

Note: Detail may not add to totals due to rounding.

1/ CBO's estimates based on CBO bill run dated 6/20/91.

2/ Based on OMB's preliminary scoring of the House Committee bill.

602(b) Allocation:	<u>BA</u>	<u>OL</u>
Domestic Discretionary	59,275	57,800



(SENT 11/13/91)

November 8, 1991
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2837 - Dairy Production Stabilization Act of 1991
(Amendment in the Nature of a Substitute to H.R. 2837
as reported by the House Agriculture Committee)
(Stenholm (D) Texas)

The Administration strongly opposes enactment of the proposed substitute for H.R. 2837. The bill would introduce inefficiencies and inequities in dairy and other affected industries, adversely affect dairy product consumers, particularly low-income consumers, and impose unnecessary burdens on taxpayers for food assistance programs.

H.R. 2837 would raise the milk price support level, then impose an inequitable and complex scheme that only partially deals with the budgetary and other problems that would arise from a price support increase. Furthermore, the bill is unnecessary. Milk prices received by farmers are continuing to rise as producers respond to (1) market signals and (2) Administration actions to enhance dairy market conditions.

If H.R. 2837 were presented to the President, his senior advisers would recommend a veto.

H.R. 2837 would create counterproductive, inefficient programs by providing incentives to expand surplus production and then paying producers to reduce production. The proposed price support increase in the bill is particularly unacceptable. Increased price support levels would require larger and more expensive supply control programs than would otherwise be necessary. The adverse effects of the bill, exacerbated by higher price support levels, would include:

- Higher cost of dairy products for consumers. Over the next five years, consumers would incur additional expenses averaging about \$2 billion a year.
- Reduced purchasing power of the Nation's poor and increased costs for food assistance programs in FY 1993 and beyond. In FY 1992, food stamp recipients and school cafeterias would have to spend at least an additional \$100 million to maintain their purchases of dairy products. In FY 1993 and subsequent years, excess milk price inflation would cause an increase in Federal spending of several hundred million

dollars per year to restore the purchasing power of schools and the poor.

- Permanently reduced purchasing power of the Women, Infants and Children (WIC) program. In FY 1993 alone, nearly 100,000 at-risk pregnant women, infants and children would be forced off the WIC rolls.
- Permission for dairy diversion program participants to receive payments even if they violated requirements to conserve highly erodible land and wetlands. Current law requires recipients of price support and related payments to comply with certain conservation requirements in order to be eligible for payment. The bill unfairly exempts dairy diversion payment recipients from this requirement, removing an incentive for sound conservation practices.
- Supply controls that unfairly penalize efficient, market-oriented producers seeking to enter the market or expand production. Producers would be subject to an excessively high diversion program assessment of up to 50 cents or more per hundredweight (cwt.). Such excessive assessments must be borne by all dairy producers, including those who elect to participate in the diversion program.
- Excessively high culling of dairy cows, estimated at over 200,000 additional head in 1992. This would undermine prices received by other livestock producers, and/or increase the cost of meat purchases and other efforts funded by the Government and dairy producers to ameliorate the effects on livestock prices. The cost for meat purchases would be at least \$100 million in FY 1992 and up to \$100 million in FY 1993.
- Restricted choice for consumers. The bill would legislate new standards for the solids contents of fluid milk. Under these new standards, which outlaw the sale of unfortified fluid milk products, milk produced by some cows could no longer be labeled as milk. There is no valid scientific, medical or food safety reason for this prohibition. Nor is there evidence that consumers prefer the fortified products required by the bill. The legislative adjustment of such standards outside the normal FDA process is objectionable because the legislated standards reduce consumer choice without an opportunity for consumer input.

Scoring for the Purpose of Paygo and Discretionary Caps

H.R. 2837 is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's current estimate is that enactment of this resolution would be revenue neutral. Final scoring of this proposal may deviate from this estimate. If H.R. 2837 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

July 24, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2837 - Milk Inventory Management Act of 1991
(Stenholm (D) Texas)

The Administration strongly objects to enactment of H.R. 2837 because it would introduce inefficiencies and inequities in the dairy industry, reverse the path toward market orientation of the milk program, undermine the U.S. position in GATT negotiations, and adversely affect consumers, particularly low-income consumers. It would raise the dairy price support level, then create a convoluted structure to deal with the budgetary and inventory problems that arise from the price increase. If H.R. 2837 were presented to the President, his senior advisers would recommend a veto.

H.R. 2837 is not necessary. Milk market conditions are improving. Product markets are reacting favorably to a number of actions recently taken by the Administration. As a result, milk prices have begun to rise as producers respond to market signals.

H.R. 2837 would create an inefficient, inequitable and expensive dairy program.

- Two-tier pricing, combined with essentially mandatory supply controls, would penalize efficient and innovative producers, reduce economic activity, cost jobs, and geographically dislocate the dairy industry.
- The two-tier price support system would eliminate potential exports by pricing products further above the world market.
- The high price support and Southeast exemption would artificially stimulate production in the Southeast at the expense of other regions -- and the Southeast is the country's highest cost production region.
- The dairy program would become similar to the peanut and tobacco programs -- programs that subsidize those with quotas at the expense of those without quotas.

H.R. 2837 would abandon market orientation -- the hallmark of the 1985 and 1990 Farm bills.

- Government regulations would greatly increase, replacing market signals as the decision criteria for investment and production.
- The legislation would freeze the current production and processing patterns, leading to a calcified industry.
- Young, typically under-capitalized, farmers would be forced to lose money for twelve months simply to gain the right to produce legally. Efficient farmers would be inhibited from expanding.
- Farmers traditionally have sometimes said that to get started in farming, you either inherit it or marry it. This bill would make that old saying the law.
- Program participation would become effectively compulsory, not voluntary as with most other farm subsidy programs.

H.R. 2837 would undermine the U.S. position in GATT negotiations.

- The bill would establish a dairy program modeled after the European system -- the very system that the U.S. has strongly argued must be dismantled as part of any agreement reached in the Uruguay Round of GATT negotiations.
- The legislation would force the U.S. to dump surplus production abroad in direct contradiction of the trade negotiating position fashioned with the strong cooperation of Congress.

H.R. 2837 would adversely affect consumers, particularly Americans with low incomes.

- Higher prices for dairy products would cost Americans an average of more than \$3.5 billion annually.
- Higher dairy prices would increase by almost \$500 million the Federal costs of providing the country's most vulnerable citizens with food assistance benefits.
- To cover part of the higher costs for WIC, Food Stamps, and Child Nutrition programs, dairy farmers would be assessed an average of \$.10 per cwt. per year over the next five years. However, this compensation, even when combined with higher Federal government expenditures for food programs triggered by COLA rules, would be insufficient under

current formulas to cover the full costs incurred by Child Nutrition program providers and recipients.

H.R. 2837 would arbitrarily determine the definition of milk.

- The bill would be inconsistent with the statutory process established under the Federal Food, Drug, and Cosmetic Act and would supersede the Food and Drug Administration's existing authority to set and enforce standards for milk.
- The bill would "redefine" milk to include higher non-fat content (at higher prices), directly contradicting consumer preference and could contradict expert health advice.
- Under this legislation, milk, as it comes fresh from some cows, could no longer be sold as milk!

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 2837 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Sufficient offsets to the direct spending increases are not provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 2837, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 2837 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
(outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
TOTAL	0	\$44	\$322	\$389	\$280	\$1,035

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 22, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2893 - Agriculture Disaster Assistance Act of 1991
(de la Garza (D) TX and Coleman (R) MO)

The Administration strongly opposes H.R. 2893. If appropriations legislation is passed to implement this disaster relief funding as an "emergency", the President's senior advisers will recommend a veto.

It is too early to tell whether any crop disaster will occur in 1991. Most crops are in the ground and have yet to be harvested. For 1990 crops, it is impossible to measure retroactively any losses, in that the crops have already been harvested. The Administration has already taken steps in response to this year's weather conditions, expanding through administrative means an array of Federal disaster-related programs. H.R. 2893 would undermine both the 1990 Farm Bill and the budget discipline of the Omnibus Budget and Reconciliation Act of 1990 (OBRA). It is a simple attempt to authorize more spending, outside of the restraints of the Budget Agreement. If a crop disaster does occur in 1991, the Administration will work with Congress to address that at a later date.

Federal crop insurance already covers most individual producer losses -- it is an extensive program to provide disaster protection to our Nation's farmers. However, H.R. 2893 would severely undermine the Federal crop insurance program.

No national agricultural disaster is expected in 1991.

- Although 1991 spring-planted crops have not been harvested yet, no national disaster is expected. At this time, all forecasts predict a normal or above normal harvest in the fall for these major crops.

Federal Crop Insurance already covers most individual losses and is the Nation's disaster protection program.

- Over \$1 billion in crop insurance indemnities has already been paid for 1990 individual losses.
- Insurance is subsidized to ensure affordability -- the Federal government pays almost half of the program's cost.

- Insurance is available to cover almost all cropland -- nearly 90 per cent of all acres were eligible for coverage in 1991.
- Other government programs supplement crop insurance, making available close to \$700 million in 1991 assistance: Emergency Livestock Feed, Emergency Conservation, Forage Assistance (Haying/Grazing), Farmers Home Emergency Disaster Loans, and Emergency Watershed Protection.
- The Administration has expanded the availability of these programs for 1991.

H.R. 2893 would severely undermine the crop insurance program which Congress has directed the Administration to fix.

- Ad hoc disaster payment assistance undermines crop insurance: producers expect a free disaster assistance bailout and, therefore have no incentive to buy crop insurance.
- Prudent farmers bought crop insurance for 1991; this bill penalizes them and undermines the integrity of the crop insurance program. Crop insurance is fully funded for 1991 and sales were aggressively pursued by both the Government and the private sector.

H.R. 2893 could be extremely costly and would undo the Farm Bill and OBRA budget discipline.

- H.R. 2893 differs from past disaster authorizations in that the universe of disaster claims has been greatly expanded. Major changes include: losses based on individual "producers" instead of "farms", mandating "quality" loss payments, double payments for wheat replacement crops, redefinition of "crop year" for Valencia oranges, and fish loss payments.
- The incremental increased cost could total \$2 billion or more if the authorized assistance were fully funded. These costs are in addition to the \$700-900 million estimated cost of 1990 disaster authorizations.
- Deficit reduction efforts were serious and allowed for spending on a true emergency, but to declare one where none exists is merely a budget gimmick to avoid spending restraint.
- The bill would encourage other special interest groups to use thinly-disguised devices to boost funding.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

October 31, 1991 (SENT)

(House Rules) and SENT to House

11/15/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2929 - California Desert Protection Act of 1991
(Lehman (D) California and 75 others)

The Administration strongly opposes H.R. 2929 and urges Congress to act favorably on H.R. 3066, the Administration's proposal to provide appropriate protection for the California Desert. If H.R. 2929 were presented to the President in its current form, the Secretaries of the Interior and Defense would recommend a veto.

Of particular concern, the bill would:

- Designate an amount of land in the California Desert that far exceeds what is suitable for protection as wilderness and park land. It would include lands that lack even the minimum wilderness characteristics necessary to qualify for wilderness study.
- Transfer 1.5 million acres of the East Mojave Scenic Area to the National Park Service (NPS) even though the NPS does not believe these lands are eligible for inclusion in the Park System.
- Jeopardize the current level of operations at five major military installations in southern California.
- Fail to include provisions that allow continued military aircraft training flights conducted annually over the southern California desert.
- Foreclose the option to expand the National Training Center at Fort Irwin, where ground combat units trained for Desert Storm. Large training areas are essential to prepare for the increasing mobility of armored warfare.
- Impede the testing and development of new weapons systems.
- Deny the Army and the Marine Corps the ability to conduct joint training operations by blocking a proposed transit corridor between Army and Marine Corps facilities.

- Reduce the effectiveness of the Chocolate Mountain Aerial Gunnery Range by restricting air approaches.
- Create more than 825,000 acres of inholdings of private and State-owned lands, raising problems for BLM management of wilderness areas.
- Prohibit mineral exploration and development on 7.3 million acres in one of the world's most highly mineralized areas. Over 5 million of these acres have not been studied to determine their mineral potential.
- Eliminate almost half of the livestock grazing on public lands in the Desert through a 25-year sunset provision.
- Transfer huge blocks of land to the Death Valley and Joshua Tree Monuments in the National Park System, causing serious management problems for both the NPS and the Bureau of Land Management (BLM).
- Establish a federally reserved water right for wilderness lands. The issue of water rights should be addressed under State law.
- Restrict utility rights-of-way to existing or short-term expansion needs, cutting off flexibility to meet the future needs of southern California.
- Prevent visitors and local residents from using vehicles on more than two thousand miles of roads.

In contrast to H.R. 2929, the Administration proposal is based on 15 years of studying the California Desert resources. This review process involved detailed inventories, public hearings, environmental impact statements, and coordination with other Federal agencies. The result is a comprehensive management plan that provides protection to areas with wilderness values, while taking into account the need for other uses of public lands, such as recreation, mineral development, and military activities. The conclusions of this comprehensive management plan are reflected in H.R. 3066, which we strongly endorse.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

August 1, 1991 (SENT)
(House Rules)



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2950 - Intermodal Surface Transportation
Infrastructure Act of 1991
(Mineta (D) California and 10 others)

The Administration supports improvements and reforms to the Federal-aid highway, transit, and highway safety programs. Nevertheless, the President's senior advisors would recommend that he veto H.R. 2950 in its current form because of several significant problems, including:

- Reliance on an increase in the Federal gas tax.
- The language in section 732 which requires CBO estimates to be used for purposes of pay-as-you-go scoring.
- A requirement that spending be scored in a manner that violates the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). This requirement changes certain spending that OBRA classifies as discretionary to mandatory, and attempts to alter the pay-as-you-go mechanism specified in OBRA in order to allow the spending increase to be financed by new taxes.
- Reductions from current law in State and local matching requirements for certain highway and transit programs. These reductions would substantially diminish the ability of Federal assistance to leverage increased State and local expenditures for transportation.
- Curtailment of the ability of Congress and the Executive branch to respond to yearly changes in fiscal conditions by effectively limiting the ability of appropriations committees to establish obligation limitations.
- An increase in the percentage of Federal transit assistance made available for operating/supplies subsidies.
- An authorization for increased outlays for Federal transit assistance from the General Fund, rather than from the Highway Trust Fund.
- Designation of high priority highway corridors, without State concurrence, which could potentially result in substantial unfunded total costs after FY 1996.

- Failure to fund adequately the National Highway System (NHS).
- Earmarking: (1) over \$6.8 billion for over 450 highway demonstration projects, (2) more funding than the bill makes available for new transit projects, and (3) funding for specified research projects. It is not clear that the designated projects could compete successfully with other projects in the normal selection process.
- Weakening the application of existing statutory criteria for new transit projects and eliminating the role of the Department of Transportation in assuring that only the most cost-effective new fixed guideway transit projects are funded.
- Failure to eliminate State regulation of rates and routes of interstate motor carriers, and the non-uniform State fuel tax reporting imposed on interstate carriers.
- Overly-restrictive allocations of urban and rural transit obligation authority. These allocations deny States and localities the necessary flexibility to target spending to their most pressing transportation needs.

In addition, the Administration believes that H.R. 2950 should be amended to incorporate several reforms set forth in the Administration's surface transportation reauthorization proposal (H.R. 1351). These include provisions:

- providing flexibility between highway and transit funds aimed at local and regional travel;
- streamlining procedures for approving all non-NHS projects, as well as small NHS and Interstate projects;
- basing any increase in highway safety funds on a program of bonuses to the States for specific safety accomplishments;
- reforming "Buy America" requirements applicable to highway and transit programs;
- providing adequate funding for Forest and Park Roads and Parkways; and
- making international transportation outreach activities discretionary (rather than mandatory, as provided in section 604) and ensuring cooperation with the Department of Commerce. This would enable the Department of Transportation to implement these

activities in a manner which does not duplicate similar activities by the Department of Commerce.

Finally, the Administration recommends deletion of section 138, which would unnecessarily exempt the Rural Electrification Administration from government-wide requirements for acquisition under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

Scoring for the Purpose of Pay-As-You-Go

Section 104 of H.R. 2950 contains directed scorekeeping provisions. Section 732 of H.R. 2950 contains the CBO pay-as-you-go scoring language required by House Rule XXI. (The actual CBO estimates are not contained in the version of section 732 available to OMB at the time this Statement was prepared.) Both of these provisions violate OBRA and are among the bases for the veto recommendation contained in this Statement.

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September 16, 1991 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3040 - Unemployment Insurance Reform Act of 1991 (Rostenkowski (D) IL and 13 others)

In his August 17, 1991, statement on H.R. 3201, the "Emergency Unemployment Compensation Act of 1991," the President stated that "it is essential that we take responsible actions to assure that the economic recovery and its associated job-creation continue and strengthen." The President noted that the abandonment of the 1990 budget agreement in H.R. 3201 could have had a negative impact in financial markets, threatened economic recovery, and thus might have increased unemployment. Accordingly, the President did not designate the direct spending and the appropriations authorized in H.R. 3201 as an emergency, and the legislation by its terms did not take effect.

In his statement on H.R. 3201, the President urged Congress to enact measures that would increase the Nation's competitiveness, productivity, and growth. Unfortunately, H.R. 3040, as reported by the House Ways and Means Committee, fails to do so. Instead, H.R. 3040 would threaten the prospects of continued economic recovery and job-creation. Therefore, if H.R. 3040 were presented to the President, his senior advisers would recommend that he veto it.

This Legislation Would Destroy the Bipartisan Budget Agreement

H.R. 3040 is highly objectionable because it would:

- Provide that enactment of the bill would automatically result in the bill's spending being designated by the President as an "emergency" under the Budget Enforcement Act (BEA). This provision clearly negates the President's authority to determine independently whether enacted spending provisions should be designated as an "emergency" under the BEA, violating a fundamental structural underpinning of the bipartisan budget agreement.

- Direct that spending in the bill not be counted under the BEA. Language in H.R. 3040 would prohibit all new budget authority and outlays resulting from the bill from being considered for any purposes of the BEA. This language is directly contrary to the BEA because it purports to take "off-budget" all spending resulting from the bill. The bill also includes a "directed

scorekeeping" provision that specifies the dollar amounts that are to be used in estimating the spending in the bill. In addition, H.R. 3040 exempts benefit payments from sequestration.

- Not provide offsets to the increases in direct spending. Without offsets, the Federal Government would have to borrow an estimated \$6.3 billion to fund H.R. 3040, increasing the Federal debt and deficit by this amount.
- The Rostenkowski amendment includes unacceptable and insufficient offsets. The Administration has not opposed temporary, short-term unemployment benefit extensions with acceptable offsets which are consistent with the BEA. The Administration strongly opposes this amendment because it would raise Federal unemployment taxes. In addition, the Administration strongly opposes the Rostenkowski amendment because it violates the pay-as-you-go requirement of the BEA; the tax increase is delayed until FY 1993 while the \$5.5 billion of the increased unemployment benefits go into effect in FY 1992. The amendment is also unacceptable because it 1) includes directed scorekeeping; 2) exempts benefit payments from sequestration; 3) prohibits budget authority, outlays, and receipts resulting from the bill from being considered for any purposes of the BEA.

The Legislation is Substantively Flawed

Even if the above provisions were stricken from the bill, H.R. 3040 would still be unacceptable because the legislation is poorly designed, would be difficult to administer, and could lead to slower reemployment.

- Under H.R. 3040, the share of extended benefits paid from Federal funds would increase from 50 to 100 percent. The Administration believes the current State-Federal 50-50 funding mix is equitable and appropriate. This partnership helps to ensure that States manage the extended benefits program well. The Administration opposes any change in the Federal share.
- H.R. 3040 uses the State's total unemployment rate (TUR) rather than the Insured Unemployment Rate (IUR) that triggers benefits under current law. It is important that the measure used to trigger benefits reflects the target group to be served -- insured workers. The TUR includes groups that do not -- and would not -- qualify for unemployment benefits under H.R. 3040, such as those who leave their job voluntarily. The TUR is based in some States upon econometric models, which are not seasonally adjusted, and on sample surveys in others. In addition, the TUR is subject to revision at the end of the year. By

contrast, the IUR reflects the target population. The IUR can be seasonally adjusted and is based on claims records that can be verified. As such, it is a much better mechanism for responsibly distributing scarce Federal dollars.

- The new program would create four tiers of benefits providing from 5 to 20 weeks of extended benefits. Economic analysis has shown that additional weeks of unemployment benefits will increase the unemployment rate. Moreover, experience with previous Federal Supplemental Compensation programs demonstrates that such a complex, cumbersome system would result in benefit delays, payment inaccuracies, and escalating administrative costs.
- The bill would provide 26 weeks of benefits to members of the Armed Forces who decide to leave the service voluntarily, either for retirement or a return to civilian life. Civilians who voluntarily quit their jobs generally are disqualified from receiving benefits. Thus, H.R. 3040 would provide significantly more generous benefits to servicemembers than are available to civilians. In previous legislation, the Administration has supported additional coverage for servicemembers who involuntarily leave the service -- such as those who may be affected by Defense force reduction -- but not for those who voluntarily end their service.
- The bill would pay for job search assistance vouchers out of the extended benefits account. This would be an unacceptable use of Federal unemployment tax funds heretofore exclusively designated for the payment of benefits. This would upset precedents basic to the integrity of the unemployment insurance program.

An "Emergency" Designation is Not Warranted

In addition to the objections noted above, the Administration opposes designating the spending in H.R. 3040 as an "emergency" under the BEA for the following reasons:

- The Administration and most private forecasters believe that the recession is ending and the recovery is underway. Just-released figures indicate an apparent leveling off of the unemployment rate and an increase of 34,000 payroll jobs, lending further weight to this view. In this context, the Administration does not believe it is appropriate to declare an "emergency" under the BEA.
- By historical standards, the current unemployment rate is not cause for congressional action. When Congress put the current extended benefit program State triggers in place in 1982, the unemployment rate was 9.8 percent -- much higher than the current rate of 6.8 percent. When Congress subsequently created the

temporary Federal supplemental benefits program, the unemployment rate exceeded 10 percent -- and Congress allowed that program to expire in 1985, when unemployment was still higher than the current rate.

Scoring of H.R. 3040

As stated above, H.R. 3040 includes a "directed scorekeeping" provision that specifies the dollar amounts that are to be used in estimating the costs under the bill. The President has stated that he would veto any bill that includes directed scorekeeping under House Rule XXI. Below is the directed scoring included in section 513 of the bill. However, the bill provides that none of the costs are counted under the BEA.

DIRECTED SCORING
(outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-1995</u>
Outlays	1,620	3,975	412	140	140	6,287

* * * * *



(SENT 10/28/91)

October 25, 1991
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3489 - Omnibus Export Amendments Act of 1991
(Gejdenson (D) Connecticut and 21 others)

The Administration supports enactment of legislation renewing the Export Administration Act, and will continue to work with Congress to craft a mutually satisfactory bill. It is essential that such legislation provide flexibility if the United States is to continue its role as a leader in a changing world. This is particularly important as we work to strengthen non-proliferation export controls and shape the response of the Coordinating Committee on Multilateral Export Controls (COCOM) to the changes in the Soviet Union and Eastern Europe.

However, H.R. 3489 contains several seriously objectionable provisions. If they are retained in a bill presented to the President, his senior advisers would recommend he veto it. These include:

- Controls on Telecommunications (section 108), which are intended to require the United States to propose to COCOM that certain controls on telecommunications technology exported to the Soviet Union be removed. The intent of this provision is to undo control levels the United States and its COCOM partners recently agreed are necessary to protect critical security interests. At a time of great turmoil and unpredictability in the Soviet Union, there must be flexibility to determine the control levels that will satisfy continuing national security concerns while supporting the democratization movement in that country.
- Nuclear controls (Title III), which would effectively block nuclear safety cooperation with certain East European countries, the Soviet Union, and Mexico, and would limit nuclear-related dual-use exports to U.S. friends, such as Israel. It would also impose sanctions against foreign nations for carrying out nuclear commerce that is fully compatible with existing multilateral nuclear control regimes. Title III would undermine multilateral efforts to control dual-use exports to nuclear-related end-users and would weaken, rather than strengthen, International Atomic Energy Agency (IAEA) safeguards.

- Section 107, which includes a provision that prohibits controlling mass market software with encryption under the Arms Export Control Act. This provision is of particular national security concern and would micromanage a vitally important Executive branch process.

The Administration also opposes a number of provisions in H.R. 3489 that dictate internal Executive branch procedures and decision processes. (The Administration would oppose any similar amendments.) These include provisions on: exports of satellites for launch by the PRC (section 125), commodity jurisdiction (section 107), terrorist countries (section 119), exports to Eastern Europe (section 105), items intended for civil end-use (section 105(b)), the Commerce Department representative to COCOM (section 116), supercomputers (section 104(b)), and control list review (section 111). These provisions interfere with the President's ability to conduct foreign policy or enter into international agreements, and in some instances are incompatible with important national security interests.

In addition, the Administration opposes, as disruptive and unnecessary: section 123(b), which would create the right to appeal export licensing and commodity classification decisions to an Administrative Law Judge; and earmarking of the International Trade Administration (ITA) appropriation authorization, which would further limit funds for export promotion programs (section 206). Further, the Administration strongly opposes Title IV, relating to economic cooperation projects in China and Tibet, which will undermine our efforts to seek Chinese cooperation and willingness to address our concerns and develop procedures for investigating allegations of prison labor exports.

The Administration also opposes those provisions which intrude on the President's constitutional authority by purporting to mandate or restrict negotiations with foreign governments or countries.

SCORING FOR THE PURPOSE OF PAYGO AND DISCRETIONARY CAPS

H.R. 3489 would increase receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 3489 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (receipts in millions of \$)

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-95</u>
1.9	2.9	2.9	2.9	10.6

* * * * *



October 10, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3371 -- Omnibus Crime Control Act of 1991 (Brooks (D) Texas and 9 others)

If H.R. 3371 were presented to the President in its current form, his senior advisers would recommend a veto. The Administration strongly urges adoption of the amendments described below.

The President supports anti-crime legislation along the lines of the "Comprehensive Violent Crime Control Act of 1991" that he transmitted to Congress earlier this year and which was, in large measure, approved by the Senate this summer. Major provisions of that measure (H.R. 1400) would: (1) authorize the death penalty for certain Federal offenses and establish the procedures necessary to institute the death penalty; (2) restore an appropriate degree of finality to State and Federal criminal convictions by curtailing abuses of the writ of habeas corpus; and (3) reform the "exclusionary rule" by making admissible evidence obtained as a result of a search or seizure undertaken in objectively reasonable good faith in cases where warrants are not required. Most of what is contained in these provisions passed the House last year.

H.R. 3371 would accomplish none of these objectives. On the contrary, it would:

- Effectively abolish the death penalty in the United States by increasing delay in State cases and imposing a racial quota system on both State and Federal capital punishment cases.
- Reduce the degree of finality of convictions by weakening procedures relating to habeas corpus.
- Establish "exclusionary rule" procedures that would narrow existing case law by creating additional barriers to the admissibility of evidence.
- Automatically overturn criminal convictions when such convictions are based on the improper admission of incriminating statements by the defendant even if such admissions constitute "harmless error."
- Excessively increase authorization levels.

The Administration urges the House to adopt the following amendments:

- The Hyde amendment, which embodies the President's proposal on habeas corpus reforms. The Hyde amendment would curb the abuse of habeas corpus that has virtually nullified the death penalty laws of the States through a seemingly endless system of repetitive litigation and review.
- The McCollum amendment to reform the exclusionary rule. This would strike the regressive exclusionary rule provisions that now appear in H.R. 3371, and extend the objective reasonableness ("good faith") exception to cases where a warrant is not required.
- The McCollum amendment to strike the so-called "Fairness in Death Sentencing Act" and replace it with the President's proposed "Equal Justice Act." This amendment would eliminate provisions of H.R. 3371 which are neither necessary nor appropriate to guard against racial discrimination in capital punishment, but would actually make continued use of the death penalty impossible in the United States. The substitute provisions would make clear that racial discrimination has no place in the criminal justice system.
- The Gekas amendment to reinstate and authorize an enforceable death penalty for highly aggravated Federal crimes and to establish effective death penalty procedures. Based on the Administration's proposals, this amendment would provide fair and effective procedures and adequate authorizations for using the death penalty against the most heinous Federal crimes.
- An amendment to strike or replace the provision requiring automatic reversal of convictions based on improper admission of statements by the defendant. This would allow such a conviction to be upheld, as provided in the Supreme Court's decision in Arizona v. Fulminante, if the independent evidence of guilt is overwhelming and the improper admission is harmless beyond a reasonable doubt.

Scoring for the Purposes of Pay-As-You-Go

At least one provision of H.R. 3371 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. No offsets to the direct spending increases are provided

in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 3371, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 3371 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(outlays in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-1995</u>
Totals	*	*	*	10	10

* Less than \$500,000

* * * * *



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 11, 1991 (SENT 10/15/91)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3371 -- Omnibus Crime Control Act of 1991
(Brooks (D) Texas and 9 others)

If H.R. 3371 were presented to the President in its current form, his senior advisers would recommend a veto. The Administration strongly urges adoption of the amendments described below.

The President supports anti-crime legislation along the lines of the "Comprehensive Violent Crime Control Act of 1991" that he transmitted to Congress earlier this year and which was, in large measure, approved by the Senate this summer. Major provisions of that measure (H.R. 1400) would: (1) authorize the death penalty for certain Federal offenses and establish the procedures necessary to institute the death penalty; (2) restore an appropriate degree of finality to State and Federal criminal convictions by curtailing abuses of the writ of habeas corpus; and (3) reform the "exclusionary rule" by making admissible evidence obtained as a result of a search or seizure undertaken in objectively reasonable good faith in cases where warrants are not required. Most of what is contained in these provisions passed the House last year.

H.R. 3371 would accomplish none of these objectives. On the contrary, it would:

- Effectively abolish the death penalty in the United States by increasing delay in State cases and imposing a racial quota system on both State and Federal capital punishment cases.
- Reduce the degree of finality of convictions by weakening procedures relating to habeas corpus.
- Establish "exclusionary rule" procedures that would narrow existing case law by creating additional barriers to the admissibility of evidence.
- Automatically overturn criminal convictions when such convictions are based on the improper admission of incriminating statements by the defendant even if such admissions constitute "harmless error."
- Excessively increase authorization levels.

The Administration urges the House to adopt the following amendments:

- The Hyde amendment, which embodies the President's proposal on habeas corpus reforms. The Hyde amendment would curb the abuse of habeas corpus that has virtually nullified the death penalty laws of the States through a seemingly endless system of repetitive litigation and review.
- The Hyde amendment to strike the "Berman habeas provision." The Berman provision would allow murderers under sentence of death to raise any alleged race-related claim for the first time years after the trial, when the passage of time has made it impossible for the State to rebut the claim.
- The McCollum amendment to reform the exclusionary rule. This would strike the regressive exclusionary rule provisions that now appear in H.R. 3371, and extend the objective reasonableness ("good faith") exception to cases where a warrant is not required.
- The McCollum amendment to strike the so-called "Fairness in Death Sentencing Act" and replace it with the President's proposed "Equal Justice Act." This amendment would eliminate provisions of H.R. 3371 which are neither necessary nor appropriate to guard against racial discrimination in capital punishment, but would actually make continued use of the death penalty impossible in the United States. The substitute provisions would make clear that racial discrimination has no place in the criminal justice system.
- The Gekas amendment to reinstate and authorize an enforceable death penalty for highly aggravated Federal crimes and to establish effective death penalty procedures. Based on the Administration's proposals, this amendment would provide fair and effective procedures and adequate authorizations for using the death penalty against the most heinous Federal crimes.

The Administration urges the House to reject a potential McCurdy amendment to authorize funding for the so-called "Police Corps." The Police Corps purports to increase the number and quality of police recruits by offering scholarships to students but offers no assurances that participants will stay after 1-4 years service. It is an expensive program that will do nothing to assist police departments hire new officers.

Scoring for the Purposes of Pay-As-You-Go

At least one provision of H.R. 3371 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 3371, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of H.R. 3371 as reported by the Judiciary Committee are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 3371 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(outlays in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-1995</u>
Totals	*	*	*	10	10

* Less than \$500,000

* * * * *



July 31, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3040 - Unemployment Insurance Reform Act of 1991 (Rostenkowski (D) IL and 13 others)

The Administration is concerned about the impact of the recession and is committed to policies that foster an early return to work among the unemployed and encourage growth in payroll employment. Enactment of H.R. 3040 would be inconsistent with such policies and would deter employment growth. If H.R. 3040 were presented to the President, his senior advisers would recommend a veto.

This Legislation Would Destroy the Bipartisan Budget Agreement

H.R. 3040, as reported by the House Ways and Means Committee, is highly objectionable because it would:

- Provide that enactment of the bill would automatically result in the bill's spending being designated by the President as an "emergency" under the Budget Enforcement Act (BEA). This provision clearly negates the President's authority to determine independently whether enacted spending provisions should be designated as an "emergency" under the BEA, violating a fundamental structural underpinning of the bipartisan budget agreement.
- Direct that spending in the bill not be counted under the BEA. Language in H.R. 3040 would prohibit all new budget authority, outlays, and receipts resulting from the bill from being considered for any purposes of the BEA. The bill also includes a "directed scorekeeping" provision that specifies the dollar amounts that are to be used in estimating costs under the bill. In addition, H.R. 3040 exempts benefit payments from sequestration.
- Not provide offsets to the increases in direct spending. Without offsets, the Federal Government would have to borrow an estimated \$6.3 billion to fund H.R. 3040, increasing the Federal debt and deficit by this amount.

These provisions, singly and in combination, would have a negative impact in financial markets and threaten economic recovery. The fiscal discipline of the budget agreement would be abandoned through this legislation.

The Legislation is Substantively Flawed

Even if the above provisions were stricken from the bill, the Administration still would strongly oppose H.R. 3040 because it would establish a poorly designed, expensive new Federal program that in itself could lead to slower reemployment.

- Under H.R. 3040, the share of extended benefits paid from Federal funds would increase from 50 to 100 percent. The Administration believes the current State-Federal 50-50 funding mix is equitable and appropriate. This partnership helps to ensure that States manage the extended benefits program well. The Administration opposes any change in the Federal share.
- H.R. 3040 uses the State's total unemployment rate (TUR) rather than the Insured Unemployment Rate (IUR) that triggers benefits under current law. It is important that the measure used to trigger benefits reflects the target group to be served -- insured workers. The TUR includes groups that do not generally qualify for unemployment benefits, such as those who leave their job voluntarily and teachers on summer vacation. It is based upon econometric models, which are not seasonally adjusted, and sample surveys. In addition, the TUR is subject to revision at the end of the year. In contrast, the IUR reflects the target population and is based on claims records that can be verified and are seasonally adjusted. As such, it is a much better mechanism for responsibly distributing scarce Federal dollars.
- The new program would create four tiers of benefits providing from 5 to 20 weeks of extended benefits. Economic analysis has shown that additional weeks of unemployment benefits will increase the unemployment rate. Moreover, experience with previous Federal Supplemental Compensation programs demonstrates that such a complex, cumbersome system would result in benefit delays, payment inaccuracies, and escalating administrative costs.
- The bill would provide 26 weeks of benefits to members of the Armed Forces who decide to leave the service voluntarily, either for retirement or a return to civilian life. Civilians who voluntarily quit their jobs generally are disqualified from receiving benefits. Thus, H.R. 3040 would provide significantly more generous benefits to servicemembers than are available to civilians. In previous legislation, the Administration has supported additional coverage for servicemembers who involuntarily leave the service -- such as those who may be affected by Defense force reduction -- but not for those who voluntarily end their service.

- The bill would pay for job search assistance vouchers out of the extended benefits account. This would be an unacceptable use of Federal unemployment tax funds heretofore exclusively designated for the payment of benefits. This would upset precedents basic to the integrity of the unemployment insurance program.

An "Emergency" Designation is Not Warranted

In addition to the objections noted above, the Administration opposes designating the spending in H.R. 3040 as an "emergency" under the BEA for the following reasons:

- The Administration and most private forecasters believe that the recession is ending and the recovery is underway. Just-released GNP figures show an increase for the second quarter, lending weight to this view. In this context, the Administration does not believe it is appropriate to declare an "emergency" under the BEA.
- By historical standards, the current unemployment rate is not cause for congressional action. When Congress put the current extended benefit program State triggers in place in 1982, the unemployment rate was 9.8 percent -- much higher than the current rate. When Congress subsequently created the temporary Federal supplemental benefits program, the unemployment rate exceeded 10 percent -- and when Congress allowed that program to expire in 1985, unemployment stood at 7.2 percent, still higher than the current rate.

Scoring of H.R. 3040

As stated above, H.R. 3040 includes a "directed scorekeeping" provision that specifies the dollar amounts that are to be used in estimating the costs under the bill. The President has stated that he would veto any bill that includes directed scorekeeping under House Rule XXI. Below is the directed scoring included in section 513 of the bill. However, the bill provides that none of the costs are counted under the BEA.

DIRECTED SCORING (outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-1995</u>
Outlays	1,620	3,975	412	140	140	6,287

* * * * *



September 11, 1991
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3040 - Unemployment Insurance Reform Act of 1991 (Rostenkowski (D) IL and 13 others)

In his August 17, 1991, statement on H.R. 3201, the "Emergency Unemployment Compensation Act of 1991," the President stated that "it is essential that we take responsible actions to assure that the economic recovery and its associated job-creation continue and strengthen." The President noted that the abandonment of the 1990 budget agreement in H.R. 3201 could have had a negative impact in financial markets, threatened economic recovery, and thus might have increased unemployment. Accordingly, the President did not designate the direct spending and the appropriations authorized in H.R. 3201 as an emergency, thereby not allowing the legislation to take effect.

In his statement on H.R. 3201, the President urged Congress to enact measures that would increase the Nation's competitiveness, productivity, and growth. Unfortunately, H.R. 3040, as reported by the House Ways and Means Committee, fails to do so. Instead, H.R. 3040 would threaten the prospects of continued economic recovery and job-creation. Therefore, if H.R. 3040 were presented to the President, his senior advisers would recommend that he veto it.

This Legislation Would Destroy the Bipartisan Budget Agreement

H.R. 3040 is highly objectionable because it would:

- Provide that enactment of the bill would automatically result in the bill's spending being designated by the President as an "emergency" under the Budget Enforcement Act (BEA). This provision clearly negates the President's authority to determine independently whether enacted spending provisions should be designated as an "emergency" under the BEA, violating a fundamental structural underpinning of the bipartisan budget agreement.
- Direct that spending in the bill not be counted under the BEA. Language in H.R. 3040 would prohibit all new budget authority and outlays resulting from the bill from being considered for any purposes of the BEA. The bill also includes a "directed scorekeeping" provision

that specifies the dollar amounts that are to be used in estimating costs under the bill. In addition, H.R. 3040 exempts benefit payments from sequestration.

- Not provide offsets to the increases in direct spending. Without offsets, the Federal Government would have to borrow an estimated \$6.3 billion to fund H.R. 3040, increasing the Federal debt and deficit by this amount.

The Legislation is Substantively Flawed

Even if the above provisions were stricken from the bill, the Administration still would strongly oppose H.R. 3040 because it would establish a poorly designed, expensive new Federal program that in itself could lead to slower reemployment.

- Under H.R. 3040, the share of extended benefits paid from Federal funds would increase from 50 to 100 percent. The Administration believes the current State-Federal 50-50 funding mix is equitable and appropriate. This partnership helps to ensure that States manage the extended benefits program well. The Administration opposes any change in the Federal share.
- H.R. 3040 uses the State's total unemployment rate (TUR) rather than the Insured Unemployment Rate (IUR) that triggers benefits under current law. It is important that the measure used to trigger benefits reflects the target group to be served -- insured workers. The TUR includes groups that do not -- and would not -- qualify for unemployment benefits under H.R. 3040, such as those who leave their job voluntarily. The TUR is based in some States upon econometric models, which are not seasonally adjusted, and on sample surveys in others. In addition, the TUR is subject to revision at the end of the year. By contrast, the IUR reflects the target population. The IUR can be seasonally adjusted and is based on claims records that can be verified. As such, it is a much better mechanism for responsibly distributing scarce Federal dollars.
- The new program would create four tiers of benefits providing from 5 to 20 weeks of extended benefits. Economic analysis has shown that additional weeks of unemployment benefits will increase the unemployment rate. Moreover, experience with previous Federal Supplemental Compensation programs demonstrates that such a complex, cumbersome system would result in benefit delays, payment inaccuracies, and escalating administrative costs.

- The bill would provide 26 weeks of benefits to members of the Armed Forces who decide to leave the service voluntarily, either for retirement or a return to civilian life. Civilians who voluntarily quit their jobs generally are disqualified from receiving benefits. Thus, H.R. 3040 would provide significantly more generous benefits to servicemembers than are available to civilians. In previous legislation, the Administration has supported additional coverage for servicemembers who involuntarily leave the service -- such as those who may be affected by Defense force reduction -- but not for those who voluntarily end their service.
- The bill would pay for job search assistance vouchers out of the extended benefits account. This would be an unacceptable use of Federal unemployment tax funds heretofore exclusively designated for the payment of benefits. This would upset precedents basic to the integrity of the unemployment insurance program.

An "Emergency" Designation is Not Warranted

In addition to the objections noted above, the Administration opposes designating the spending in H.R. 3040 as an "emergency" under the BEA for the following reasons:

- The Administration and most private forecasters believe that the recession is ending and the recovery is underway. Just-released figures indicate an apparent leveling off of the unemployment rate and an increase of 34,000 payroll jobs, lending further weight to this view. In this context, the Administration does not believe it is appropriate to declare an "emergency" under the BEA.
- By historical standards, the current unemployment rate is not cause for congressional action. When Congress put the current extended benefit program State triggers in place in 1982, the unemployment rate was 9.8 percent -- much higher than the current rate of 6.8 percent. When Congress subsequently created the temporary Federal supplemental benefits program, the unemployment rate exceeded 10 percent -- and Congress allowed that program to expire in 1985, when unemployment was still higher than the current rate.

Scoring of H.R. 3040

As stated above, H.R. 3040 includes a "directed scorekeeping" provision that specifies the dollar amounts that are to be used in estimating the costs under the bill. The President has stated that he would veto any bill that includes directed scorekeeping

under House Rule XXI. Below is the directed scoring included in section 513 of the bill. However, the bill provides that none of the costs are counted under the BEA.

DIRECTED SCORING
(outlays in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-1995</u>
Outlays	1,620	3,975	412	140	140	6,287

* * * * *



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 11/23/91)
November 21, 1991
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3435 - Resolution Trust Corporation (RTC)
Refinancing and Restructuring Act of 1991
(Gonzalez (D) Texas and 2 others)

The RTC has virtually exhausted its funds and has almost completely halted its efforts to resolve failed thrift institutions and protect their depositors. The RTC has estimated that the cost of delaying refinancing until February would be between \$300 and \$400 million; the costs of delay would continue to grow at an increasing rate.

The Administration strongly supports legislation to refinance the RTC, and the introduced version of H.R. 3435 is the Administration's proposal to refinance and restructure the RTC.

However, the President's senior advisers will recommend that he veto the version of H.R. 3435 reported by the Committee on Banking, Finance, and Urban Affairs, unless it is amended to: (1) provide adequate funding for the RTC in a manner consistent with last year's budget agreement; and (2) provide the Administration with adequate oversight authority and control regarding policies affecting the cleanup.

Although the Administration supports many provisions of H.R. 3435, it strongly opposes the bill in its current form because it would:

- Authorize only \$20 billion to cover losses, fail to make available even this amount, and require any funding for losses over \$20 billion to be offset in violation of last year's bipartisan budget agreement. That agreement (now law) exempted from pay-as-you-go requirements any spending necessary to honor the Federal deposit insurance guarantee.
- Weaken the Oversight Board's ability to oversee the RTC's activities, even though the Board will continue to be held accountable for the cleanup process and its cost.
- Restrict the RTC's working capital borrowing to 85 percent of the fair market value of its assets. If only \$20 billion were made available after enactment of

H.R. 3435 as reported, the RTC would have to set aside about \$10 billion, leaving only \$10 billion to cover losses.

- Require that property be managed and disposed of by the local RTC office closest to the property. Mandating local disposition is inefficient and inflexible and would inhibit the RTC's ability to maximize the value of its assets and minimize the cost to the taxpayer. The RTC already uses local property managers and brokers to the extent it makes good business sense to do so.
- Restrict the efficient disposition of property by establishing cumbersome procedures for the identification and handling of "significant properties."
- Establish constitutionally defective preferences for businesses owned by women and minorities. The Administration recommends that these provisions be made discretionary and be limited to benefit only businesses owned by economically disadvantaged individuals, without regard to race or gender.
- Condition the availability of funds on the submission to Congress of independently audited financial statements. This provision is constitutionally objectionable and could cause the RTC to effectively shut down on October 1, 1992, for reasons beyond its control.

The Administration would also oppose provisions that would significantly increase direct spending or reduce receipts for purposes of the "pay-as-you-go" requirement of the Omnibus Budget Reconciliation Act of 1990.

Scoring for Purposes of Pay-As-You-Go

The language of several amendments adopted last night by the Banking Committee is not yet available. A "pay-as-you-go" estimate will be developed when OMB has had an opportunity to review the language.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

October 23, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 3543 -- DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS AND
TRANSFERS FOR RELIEF FROM THE EFFECTS OF NATURAL DISASTERS,
FOR OTHER URGENT NEEDS, AND FOR INCREMENTAL COSTS OF
"OPERATION DESERT SHIELD/DESERT STORM" ACT OF 1992**

(Sponsor: Whitten (D) Mississippi)

This Statement of Administration Policy expresses the Administration's views on the Dire Emergency Supplemental Appropriations Act, 1992, as reported by the House Committee on Appropriations.

The President's senior advisers would recommend that the bill be vetoed if it were to contain the language adopted by the Committee in sections 203 and 204 concerning the Federal Election Commissions Presidential Election Campaign Fund. Changing the rules only months before the election cycle is to begin is inappropriate. Any modification to existing law should be made effective with fair lead time, hence not before January, 1993.

The President's senior advisers would also recommend a veto of the bill based on excessive funding and inappropriate use of the emergency designation for all of the funding contained in the Act.

The Administration believes that the amount of funding provided in the bill for agricultural disasters is excessive and that the designation of this amount as an "emergency requirement" is inappropriate.

Although national yields for many crops are at or above average levels, there have been adverse weather conditions in certain areas. For this reason, the Administration offered to support a bipartisan proposal in September which would have provided immediate assistance to farmers who had suffered substantial losses, and which was offset under the terms of the Budget Enforcement Act. Unfortunately, the House took no action on this proposal, and now that fiscal year 1991 has concluded, the offsets contained in that proposal are no longer available.

Moreover, several existing Federal programs, such as crop insurance, the FmHA disaster loan program, and various programs of the SCS and the ASCS are designed and available to farmers to deal with these localized agricultural disasters. The Administration has taken steps throughout 1991 to expand eligibility for these programs.

The Committee bill goes far beyond what is necessary to address severely affected areas. It attempts to address, retroactively, certain 1990 problems for which verifiable crop loss information is no longer available. For major 1991 crops, all forecasts now predict a normal or above normal fall harvest. Indeed, corn and soybean yields are forecast to be above the historical average for these crops and cotton production will be the largest since 1937. Nonetheless, the Committee bill seeks to provide broadly distributed supplementary 1992 funds for both 1990 and 1991 crops. It is clear that the Committee's action will signal to farmers that "disaster" assistance is a regular and predictable supplement to existing farm subsidies. This further reduces the incentive for prudent farmers to purchase crop insurance.

The Committee bill would provide \$693 million for the Federal Emergency Management Agency (FEMA). This is the amount originally requested by the Administration in its FY 1991 supplemental request. However, the President's budget requests for FEMA for FYs 1989, 1990, and 1991 anticipated the need for \$542 million of the \$693 million that would be provided by the bill. Unfortunately, the Congress did not fully fund the President's requests. Because the need for this funding was known in advance, this amount should not be designated as an emergency. Indeed, it should be considered domestic discretionary spending subject to the spending limits of the BEA. The President has appropriately designated the remaining amount of supplemental funds (\$151 million) as an "emergency requirement" under the BEA, and provided the necessary offsets for the remaining \$542 million.

Moreover, neither this bill nor the VA/HUD appropriations bill for FY 1992 includes the requested \$90 million budget amendment for FY 1992. Nor does this bill include proposed appropriations language that would reduce FY 1992 funding requirements.

In response to the Committee's request in P.L. 102-55, OMB published on June 27th a Report on the Cost of Domestic and International Emergencies and on the Threats Posed by the Kuwaiti Oil Fires. This Report specified that the President's definition of an "emergency requirement" for purposes of Section 251(b)(2)(D)(i) of the BEA is that such a requirement be "a necessary expenditure that is sudden, urgent, and unforeseen. . . ."

Under the Budget Enforcement Act (BEA), both the President and Congress must designate appropriations as "emergency requirements" in order to exempt them from the BEA spending limits. If the President were to determine that a portion of the funding in this bill should not be designated as an emergency, then this non-emergency funding would be added to the regular discretionary appropriations for FY 1992. Despite the 6 percent increase in domestic discretionary funding between FY 1991 and FY 1992 provided for in the BEA, Congress failed to set aside resources for these programs. Preliminary scoring indicates that all of the budget authority and outlays available under the caps, including virtually all of the special allowances, have been used in the regular appropriations process.

It is the Administration's view that those portions of the bill that are inappropriately designated as emergencies should be fully offset, as was the non-emergency portion of the Administration's supplemental funding request for FEMA and the Administration-endorsed proposal for agricultural disaster assistance. The Administration strongly urges the Congress to offset the non-emergency funding in this bill. If this bill were to become law, it would result in implementation of a sequester, based on current estimates of FY 1992 action.

The Administration supports the provision of Department of Defense appropriations for FYs 1991-92 for additional costs of Operation Desert Shield/Desert Storm, and appreciates the Committee's consideration of the President's request in this area.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SEE H.R. 2950)

October 22, 1991 (SENT)
(House Rules) and SENT to
House 10/23/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3566 - Intermodal Surface Transportation
Infrastructure Act of 1991
(Mineta (D) California and 3 others)

The Administration steadfastly supports improvements and reforms to the Federal-aid highway, transit, and highway safety programs. However, the Administration strongly opposes H.R. 3566 in its current form.

The President's senior advisors would recommend a veto of this legislation in its current form because of serious concerns including the following:

- H.R. 3566 extends half of last year's gas tax increase for an additional four years. Last year's increase was intended to be temporary. Its extension would largely fund special interest projects and other programs that should be reduced or eliminated.
- The authorization levels in the bill are excessive. The Administration proposed a 39 percent increase in highway funding over five years without extension of the 2 1/2 cents tax. The highway and transit levels in the bill would be very difficult to accommodate in future-year appropriations bills, and, if they were met, funding for other important Federal programs would be imperiled.
- The language in section 104 that requires CBO estimates to be used for purposes of pay-as-you-go scoring violates last year's budget agreement.
- H.R. 3566 earmarks \$1.2 billion for 27 projects on 20 priority corridors and \$3.8 billion for over 460 other highway demonstration projects. These 460 projects could ultimately cost over \$23 billion. Many of them are not the highest State priorities and would not survive the normal process of selection on their merits. Completing the 20 priority corridors identified in the bill to expressway standards could cost more than an additional \$50 billion.

- The bill not only reduces, but also allows temporary waivers of current State and local matching requirements for certain highway and transit programs. These reductions and waivers would substantially reduce incentives for increased State and local investment in transportation infrastructure at a time when all levels of government and the private sector need to invest more. The Administration's proposal to raise State and local matching requirements for local and regional transportation needs permits greater use of Federal funds to meet national needs.
- The bill does not adequately fund the National Highway System (NHS). It provides \$37.7 billion over six years instead of the Administration's requested \$43.5 billion over five years. This level is below the amount needed to ensure that the NHS can meet America's growing interstate commerce and international competitiveness needs.
- The bill contains mandatory allocations of highway obligation authority to urban areas. These allocations deny States the necessary flexibility to target spending to their most pressing transportation needs.
- The bill increases annual mass transit operating subsidies from \$800 million in FY 1992 to almost \$2.3 billion by FY 1997. An increasing share of Federal funds will be used to cover mass transit operating deficits rather than focusing Federal investment on infrastructure needs.
- More than three quarters of the mass transit new start projects earmarked by the bill either fail to meet basic cost-effectiveness criteria or lack sufficient information for a meaningful evaluation. Furthermore, the total of the earmarks for new transit starts exceeds the \$4.9 billion provided in the bill for this purpose.
- The bill authorizes \$13.7 billion in mass transit funding from the General Fund rather than from the Highway Trust Fund. All mass transit funding, as well as highway funding, can and should be derived from the Trust Fund.
- The bill fails to eliminate State regulation of rates, routes, and services of interstate motor carriers,

thereby retaining an unnecessary regulatory regime for the trucking industry that inhibits productivity.

- The bill continues current overly prescriptive levels of Federal oversight of highway project development and construction. The Administration has proposed streamlined approval for certain projects to replace the current project-by-project reviews.
- The earmarking of research and development activities curtails normal program development and undercuts the competitive process and opportunities for public/private partnerships.

The Administration will work with conferees on H.R. 3566 and S. 1204 to incorporate reforms set forth in the Administration's surface transportation reauthorization proposal (H.R. 1351).

Scoring for the Purpose of Pay-As-You-Go and Allocation of Trust Fund Revenues

As noted above, section 104 of H.R. 3566 contains a directed scorekeeping provision that violates the Omnibus Budget Reconciliation Act of 1990.

The bill would increase the allocation of revenues to the Highway Trust Fund to more than the level of net revenues collected by the Treasury. Although the allocation made by this provision is consistent with past practice, it is appropriate to consider revising the allocation to make it more consistent with the amount actually collected. If the past practice is not changed in connection with a simple tax extension, Congress should seriously consider changing the allocation method to reflect more accurately the actual revenue effects associated with any possible future increase in dedicated revenues for trust funds.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 11/20/91)
November 13, 1991
(House Rules)
and SENT to House 11/21/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3644 - Presidential Election Campaign Fund
Primary Fairness Act
(Swift (D) Washington and 16 others)

If H.R. 3644 is presented to the President in its current form, his senior advisers will recommend a veto. Changing the rules just as the election cycle begins is inappropriate. Any modification to existing law should be made effective with fair lead time, hence not before January 1993.

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November 22, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3645 - Tourism Policy and Export Promotion Act of 1991
(Swift (D) Washington and 8 others)

The Administration strongly opposes H.R. 3645, because it would severely restrict the authority of the Secretary of Commerce to manage the United States Travel and Tourism Administration (USTTA). Unless H.R. 3645 is amended to delete or satisfactorily modify the following provisions, the Secretary of Commerce will recommend a veto:

Section 10(c). Capping administrative expenses at 40 percent of the annual appropriation would force the USTTA to reduce its staff from 94 to 57 full-time equivalents. This reduction would severely curtail USTTA's service to: (1) potential first-time visitors to the United States; (2) U.S. cities, States, and regions; and (3) small- and medium-size private sector members of the travel industry.

Section 10(b). Requiring USTTA to establish three overseas regional offices to manage its 13 international offices would impose an unnecessary layer of management. This would waste scarce funds and personnel slots.

Section 4. Requiring USTTA to expend 40 percent of its annual appropriation on grants to develop and implement regional tourism trade development programs would transform USTTA from an essentially technical assistance agency into a grant agency. Further, USTTA's expenditures would be focused on regional needs and interests to the almost total exclusion of activities which broadly facilitate travel to the U.S. Together, Section 4 and Section 10(c) would force USTTA to close many of its international offices.

Section 10(a). Requiring a career civil servant to be designated Deputy Under Secretary for Tourism Trade Development is an inappropriate infringement on the Secretary's ability to manage the Department of Commerce. Given the sensitive policy matters that can arise when the Under Secretary is absent, the Deputy Under Secretary should be a political appointee. The functions specified for the new career Deputy Under Secretary are presently performed by a career Deputy Assistant Secretary for Tourism Marketing.

Section 12. Requiring monthly publication of the now quarterly statistical report on international travel receipts and payments would be burdensome and expensive. Since the primary purpose of such statistics is for analyzing period-to-period changes, monthly publication would not yield benefits commensurate with the costs. The costs could be as high as \$15 million, almost the full amount of USTTA's annual appropriation. Further, Canada and Mexico, the countries from which the majority of our visitors come, provide us with only quarterly data.

The Administration also urges that H.R. 3645 be amended to:

- Eliminate the provisions of Section 15 which lay the foundation for moving from quarterly to monthly publication of international travel receipts and payments.
- Delete Section 14, which would establish a Rural Tourism Development Foundation as a charitable and nonprofit corporation. Creation of a Federally chartered, nominally private foundation to assist a Federal agency in accomplishing its mission would pose legal problems.
- Revise Section 16 to authorize appropriations of "such sums as may be necessary" for FYs 1993, 1994, and 1995.
- Delete Section 9, which would require the Secretary to ensure that the services of the United States and Foreign Commercial Service continue to be available to assist USTTA. It is inappropriate to require in law that the Secretary ensure that agencies in his Department assist each other.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 25, 1991 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3750 - House of Representatives Campaign
Spending Limit and Election Reform Act of 1991
(Gejdenson (D) Connecticut and 65 others)

The Administration strongly opposes enactment of H.R. 3750 because it would aggravate many of the worst features of the existing campaign financing system. The Democratic leadership's campaign reform program would result in nothing more than a taxpayer financed incumbent protection plan. If H.R. 3750 is presented to the President in its current form, or in the form of the Rose substitute, his senior advisers will recommend a veto.

President's Proposals and Key Principles

The current campaign financing system is seriously in need of reform. In 1989, the President proposed a comprehensive reform package that confronts the twin evils of the current system -- (1) practices which give incumbents unfair advantages, and (2) the role played by special interest political action committees (PACs) subsidized by labor unions, trade associations, and corporations.

Campaign finance reform must also: (1) employ neutral principles that foster free competition in ideas without threatening freedom of speech; (2) encourage participation at the grass roots level, especially by individual constituents; and (3) not be financed by the taxpayers.

H.R. 3750 is incompatible with the President's proposals and these key principles. H.R. 3770, the "Fair and Competitive Election Act of 1991," introduced by Rep. Michel, is designed to make elections much more competitive, and return control of elections to voters by reducing the reliance on Washington based special interest and political action committees.

Objections to H.R. 3750

The Administration strongly opposes H.R. 3750 in its current form, and in the form of the Rose substitute, because it would:

- o Coerce House candidates into participating in a program of campaign spending and contribution limits by imposing unfair penalties on nonparticipating candidates while making taxpayers reward participating candidates. The coercive spending limits would stack

the deck even more heavily in favor of incumbents. Certain contribution limits would be imposed even on nonparticipating candidates.

- o Propose mechanisms to pay for financing House campaigns that either raise serious constitutional questions (as H.R. 3750 does in its current form), or are unlikely to produce the requisite revenues. The Democratic leadership plan would, in the end, amount to a tax increase primarily to subsidize incumbent politicians. The Rose substitute fails to face the question of how its benefits would be paid for, and offers no assurance that the taxpayers will not in the end be asked to foot the bill.
- o Violate the Constitution by restricting the quantity of political speech. Such a restriction can only be justified by a compelling interest of the Government, such as preventing corruption or the appearance of corruption. No such justification applies here.
- o Discourage independent dissent by countering it with Government-funded speech.
- o Impose unreasonable regulations on political advertising that go well beyond the measures needed to ensure proper disclosure. The Communications Act of 1934 already imposes basic sponsorship identification requirements on both broadcast licensees and cable television operators.
- o Establish separate campaign financing systems for House candidates. Real reform means continuing the current practice of applying similar rules to both House and Senate candidates.
- o Limit campaign contributions from all PACs -- including independent, unsubsidized groups -- and limit certain expenditures by party committees. Although the President favors the abolition of all subsidized special interest PACs, there is no constitutionally permissible basis for placing these restrictions on unsubsidized PACs and party committees.
- o Be inconsistent with the Omnibus Budget Reconciliation Act of 1990, due to the directed scorekeeping provisions.

Scoring for the Purpose of Pay-As-You-Go and the Caps

H.R. 3750 in its current form, and as amended by the Rose substitute, would require the Office of Management and Budget to

prepare within five days of its enactment a "conditional pay-as-you-go estimate" for purposes of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The estimate would have to assume that the spending provisions of the bill become effective. The estimate would take effect for OBRA purposes on January 1, 1993, only if the costs of the bill had been offset by subsequent legislation as required by H.R. 3750.

Provisions of H.R. 3750 relating to contribution limits, matching funds, and campaign surpluses, would not take effect unless, on January 1, 1993, each of the following conditions had been met: (1) enactment of a statute that raises revenue or reduces spending, and states that the provision has been enacted for the purpose of effectuating H.R. 3750; and (2) the pay-as-you-go savings from this later enactment are equal or greater to the costs estimated in the "conditional pay-as-you-go estimate" required by the bill.

OMB's preliminary estimate is that the "conditional pay-as-you-go estimate" required by the bill would show increased FY 1994 outlays of \$23 million. This estimate is based on the 1990 House campaign experience. Final scoring of this legislation may deviate from this estimate.

Regardless of whether the conditions described above were met, H.R. 3750 would also result in additional budget authority (BA) and outlays from the Postal Service revenue foregone appropriation. These BA and outlays would not be scored for pay-as-you-go purposes, but would have to be included in the discretionary caps. OMB's preliminary estimate is that the increase in BA and outlays would be \$12 million in FY 1994 and \$14 million in FY 1996.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 23, 1991 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3750 - House of Representatives Campaign
Spending Limit and Election Reform Act of 1991
(Gejdenson (D) Connecticut and 65 others)

The Administration strongly opposes enactment of H.R. 3750 because it would aggravate many of the worst features of the existing campaign financing system. The Democratic leadership's campaign reform program would result in nothing more than a taxpayer financed incumbent protection plan. If H.R. 3750 is presented to the President in its current form, his senior advisers will recommend a veto.

President's Proposals and Key Principles

The current campaign financing system is seriously in need of reform. In 1989, the President proposed a comprehensive reform package that confronts the twin evils of the current system -- (1) practices which give incumbents unfair advantages, and (2) the role played by special interest political action committees (PACs) subsidized by labor unions, trade associations, and corporations.

Campaign finance reform must also: (1) employ neutral principles that foster free competition in ideas without threatening freedom of speech; (2) encourage participation at the grass roots level, especially by individual constituents; and (3) not be financed by the taxpayers.

H.R. 3750 is incompatible with the President's proposals and these key principles. H.R. 3770, the "Fair and Competitive Election Act of 1991," introduced by Rep. Michel, is designed to make elections much more competitive, and return control of elections to voters by reducing the reliance on Washington based special interest and political action committees.

Objections to H.R. 3750

The Administration strongly opposes H.R. 3750 because it would:

- o Coerce House candidates into participating in a program of campaign spending and contribution limits by imposing unfair penalties on nonparticipating candidates while making taxpayers reward participating candidates. The coercive spending limits would stack the deck even more heavily in favor of incumbents.

Certain contribution limits would be imposed even on nonparticipating candidates.

- o Propose mechanisms to pay for financing House campaigns that either raise serious constitutional questions or are unlikely to produce the requisite revenues. The Democratic leadership plan would, in effect, amount to a tax increase primarily to subsidize incumbent politicians.
- o Violate the Constitution by restricting the quantity of political speech. Such a restriction can only be justified by a compelling interest of the Government, such as preventing corruption or the appearance of corruption. No such justification applies here.
- o Discourage independent dissent by countering it with Government-funded speech.
- o Impose unreasonable regulations on political advertising that go well beyond the measures needed to ensure proper disclosure. The Communications Act of 1934 already imposes basic sponsorship identification requirements on both broadcast licensees and cable television operators.
- o Establish separate campaign financing systems for House candidates. Real reform means continuing the current practice of applying similar rules to both House and Senate candidates.
- o Limit campaign contributions from all PACs -- including independent, unsubsidized groups -- and limit certain expenditures by party committees. Although the President favors the abolition of all subsidized special interest PACs, there is no constitutionally permissible basis for placing these restrictions on unsubsidized PACs and party committees.
- o Be inconsistent with the Omnibus Budget Reconciliation Act of 1990, due to the directed scorekeeping provisions.

Scoring for the Purpose of Pay-As-You-Go and the Caps

H.R. 3750 would require the Office of Management and Budget to prepare within five days of its enactment a "conditional pay-as-you-go estimate" for purposes of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The estimate would have to assume that the spending provisions of the bill become effective. The estimate would take effect for OBRA purposes on

January 1, 1993, only if the costs of the bill had been offset by subsequent legislation as required by H.R. 3750.

Provisions of H.R. 3750 relating to contribution limits, matching funds, and campaign surpluses, would not take effect unless, on January 1, 1993, each of the following conditions had been met: (1) enactment of a statute that raises revenue or reduces spending, and states that the provision has been enacted for the purpose of effectuating H.R. 3750; and (2) the pay-as-you-go savings from this later enactment are equal or greater to the costs estimated in the "conditional pay-as-you-go estimate" required by the bill.

OMB's preliminary estimate is that the "conditional pay-as-you-go estimate" required by the bill would show increased FY 1994 outlays of \$23 million. This estimate is based on the 1990 House campaign experience. Final scoring of this legislation may deviate from this estimate.

Regardless of whether the conditions described above were met, H.R. 3750 would also result in additional budget authority (BA) and outlays from the Postal Service revenue foregone appropriation. These BA and outlays would not be scored for pay-as-you-go purposes, but would have to be included in the discretionary caps. OMB's preliminary estimate is that the increase in BA and outlays would be \$12 million in FY 1994 and \$14 million in FY 1996.

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June 3, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 173 - Telecommunications Research and Manufacturing Competition Act of 1991

(Hollings (D) South Carolina and 25 others)

The Administration strongly supports Bell company entry into manufacturing activities. However, the Administration strongly opposes the bill's domestic content and domestic manufacturing requirements. If S. 173 were presented to the President with these requirements, the President's senior advisers would recommend a veto. The Administration strongly supports the Gramm amendment to strike these requirements.

Removing the restriction created by the AT&T divestiture that prohibits Bell companies from manufacturing telecommunications equipment would promote competition in an important area of our economy. The Administration supports the provisions of S. 173 that authorize Bell company manufacturing because the current restriction:

- o No longer serves the competitive purpose for which it was imposed. Equipment is now made independently by many entities, not by one dominant firm.
- o Is anticompetitive in that it prohibits major U.S. telecommunications firms from developing products to meet current and future needs.
- o Directly limits American research and development activity, since product-related research and development is treated as a prohibited manufacturing activity. This limits U.S. international competitiveness.

The domestic content and domestic manufacturing requirements are unacceptable because they would:

- o Potentially result in a requirement to compensate our trading partners or face retaliation, if the requirements are held to violate our international obligations.
- o Undercut U.S. trade negotiators who are trying, for example, to bring foreign government-owned telecommunications monopolies under the GATT Government Procurement Code. Absent a new GATT agreement, the EC's huge government procurement market for telecommunications equipment will remain closed to U.S. providers.

- o Give our trading partners -- who have begun to liberalize their own markets -- an excuse to close the door on American-made goods. This result would be especially damaging in light of the recent dramatic growth in U.S. telecommunications equipment exports. The United States had a \$1.3 billion trade surplus in network and transmission equipment in 1990. We, therefore, have a lot to lose in any trade dispute in this area.
- o Force private companies to procure and produce equipment on the basis of government fiat rather than sound economic and technical grounds.
- o Unfairly put the Bell companies at a competitive disadvantage vis-a-vis other domestic and foreign manufacturers not forced to operate under the same restrictions.
- o Risk a net loss of U.S. telecommunications jobs. The requirements would impede the Bell companies' ability to contribute to the ongoing expansion of telecommunications exports and associated export-related employment.
- o Limit consumer choice and increase prices.

The Administration also opposes the bill's blanket prohibition on joint ventures involving more than one Bell company. This restriction is fundamentally inconsistent with the bill's objective of increasing competition. It is also inconsistent with other congressional efforts to reduce potential antitrust liabilities that may deter legitimate and procompetitive research and production joint ventures. Should antitrust issues arise, the Department of Justice will use its authority to ensure compliance with U.S. antitrust law; the blanket prohibition should be deleted from S. 173.

The Administration endorses the objective of S. 173 of guarding against potential cross-subsidization and anticompetitive discrimination by the Bell companies. However, it should be left to the Federal Communications Commission (FCC) to designate any necessary rules to prevent or deter such conduct by the Bell companies. A legislative remedy is not needed, and these provisions should be deleted from the bill.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 12, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 243 - Older Americans Act Reauthorization Amendments of 1991 (Adams (D) WA and ten others)

The Administration supports reauthorization of the Older Americans Act of 1965, but strongly opposes the pension restoration provision included in S. 243. If the bill were presented to the President with the pension restoration provision included, his senior advisers would recommend a veto.

Programs under the Older Americans Act will continue to operate if this bill is vetoed. Under FY 1992 appropriations, these programs (such as Meals on Wheels) will continue to operate even without reauthorization.

The pension provision is highly objectionable because it would:

- Create an ill-conceived, unfunded entitlement program to provide benefits for individuals whose pension plans terminated prior to enactment of the Employee Retirement Income Security Act of 1974 (ERISA), which created the Pension Benefit Guaranty Corporation (PBGC). The PBGC was established to insure benefits in plans terminating after its creation, and it is funded with premiums paid by companies with pension plans covered by ERISA.
- Violate the pay-as-you-go requirement of the Budget Enforcement Act (BEA) by increasing direct spending without providing offsets. The bill attempts to circumvent the BEA by drawing down PBGC's trust funds and prescribing special accounting rules. The true effect would be to increase direct spending, which could trigger a sequester at the end of this session of Congress.
- Potentially add \$500 million in liability to the PBGC, which already has a deficit of at least \$2 billion that could grow still higher in light of recent increased fund liabilities.
- Create an administrative nightmare for the individuals who lost their pensions and for the PBGC. Those who lost their pensions could find it extremely difficult or impossible to supply the necessary documentation to support their claims. The PBGC would be burdened by a new, complex program that would add costly and

difficult claims to a workload that is growing dramatically due to recent large pension plan terminations.

- Distort the current Federal pension insurance system by requiring the PBGC and its premium payers to pay for a new program without a financing offset. If PBGC premiums were increased to pay for the cost of this provision, employers could be discouraged from sponsoring defined benefit plans insured by the PBGC.

In addition, the provision currently includes a financial test that the PBGC must meet before it can pay benefits. If the PBGC cannot meet the financial test, no benefits would be paid, thus making the provision a hollow promise to the elderly it purports to benefit.

S. 243 contains other highly objectionable amendments to the Older Americans Act of 1965.

The bill would establish a number of costly, duplicative, and unnecessary activities and programs. It would impose overly prescriptive requirements on the Federal Administration on Aging (AoA) and on State and area agencies on aging. Such requirements would impair the flexibility needed to administer programs under the Act as efficiently and effectively as possible. In addition, S. 243 would authorize excessive appropriations. Provisions particularly objectionable to the Administration would:

- Create within the AoA an Office of Long-Term Care Ombudsman (LTCO), an Associate Commissioner for LTCO, a National Ombudsman Resource Center, and a National Center on Elder Abuse. S. 243 also would create a separate State grant program for LTCO, elder abuse, legal assistance, and outreach activities.
- Add new programs with earmarked funding for multi-generational meals programs and for supportive activities for in-home caregivers.
- Prescribe how Federal and State responsibilities would be carried out under the Act. Particularly objectionable examples include: (1) requiring the Commissioner to consult with State agencies on program goals and grant priorities, (2) requiring the use of nutrition and volunteer coordinators, and (3) requiring certain evaluation, reporting, and data collection -- especially the costly and ill-advised mandates placed on the National Center for Health Statistics and the Bureau of Labor Statistics on nursing home aides and home health aides.
- Limit the flexibility of States to transfer funds among their nutrition and supportive service programs and

require preferential funding of certain "grandfathered" Indian tribes regardless of qualifications.

- Require (rather than authorize) the establishment of resource centers on long-term care, food and nutrition services, and demonstrations on housing and community service needs (including a project that would duplicate congregate housing and elderly independence programs already administered by the Department of Housing and Urban Development).
- Expand the entitlement for the Child and Adult Care Food Program (CACFP). The change in definition in section 811 of S. 243 could permit unrelated senior citizens cooking facilities to participate in CACFP. For example, residents of apartment complexes for senior citizens, retirement communities, and fraternal or church homes could become entitled to Federally subsidized meals. According to preliminary OMB estimates, this provision is likely to have pay-as-you-go costs of up to several hundred million dollars per year. If the bill's sponsors intended only to clarify existing policies, they should do so by building into the law explicit references to USDA regulations and policies in effect on October 1, 1991.

The Administration will work to remedy these problems in the House-Senate conference.

Scoring for the Purpose of Pay-As-You-Go

In addition to the likely pay-as-you-go costs associated with the revised definition of "adult day care center", the pension restoration provision of S. 243 would increase direct spending. The bill, therefore, is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against S. 243, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates are presented below. Final scoring of this legislation may deviate from these estimates. If S. 243 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA 1990. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES OF PAY-AS-YOU-GO
(outlays in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-1995</u>
Pension Restoration	75	75	75	75	300

CACFP Specific pricing is still under development.

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Sent House - 5/10/91

May 8, 1991 (SENT 5/9/91)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 248 - Niobrara Scenic River Designation Act of 1991 (Exon (D) Nebraska and Kerrey (D) Nebraska)

The Administration strongly opposes the enactment of S. 248. The bill would designate segments of the Niobrara and Missouri Rivers as components of the National Wild and Scenic Rivers System, to be managed by the Secretary of the Interior as part of the National Park System. The Administration believes that a formal new area study should be a prerequisite for the establishment of any new unit of the National Park System. No such study of the Niobrara or the Missouri river segments has been conducted. A study is especially important in this case because the lands along the banks of the river segments affected by the bill are largely in private ownership. Without a study, there is no way of accurately assessing what uses of private lands may be prohibited or restricted under a Wild and Scenic River designation. This, in turn, prevents the Federal Government from properly evaluating the potentially significant Fifth Amendment takings implications of S. 248.

S. 248 would also require Secretarial administration of the Missouri River segment to be in consultation with a recreational river advisory group established by the bill. This consultation requirement duplicates National Park System procedures and is unneeded.

Unless S. 248 is amended to provide for a study of possible future designation of the Niobrara and Missouri river segments as part of the National Wild and Scenic River System, and the advisory group provision is deleted, the Secretary of the Interior would recommend that the President veto the bill.

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May 1, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**S. 429 - The Consumer Protection Against
Price-Fixing Act of 1991**
(Metzenbaum (D) Ohio and 31 others)

If S. 429 were presented to the President in its current form, the President's senior advisors would recommend a veto.

The Administration opposes S. 429 because it would inhibit manufacturers and distributors from entering into pro-competitive distribution agreements for products in a wide variety of markets.

Under existing antitrust law, and notwithstanding the short title of the bill, distribution agreements that set resale prices are already per se illegal. S. 429 would reduce the level of evidence needed to proceed to trial by creating an inference of unlawful conspiracy in certain cases. The inference would be based on evidence that is equally consistent with lawful, unilateral decisions by manufacturers regarding who will distribute their products. The result is that juries could misinterpret lawful business decisions as price fixing conspiracies. Because of the availability of treble damages, S. 429 could invite a substantial increase in complex antitrust litigation.

S. 429 could also render certain nonprice distribution agreements per se illegal, even though such agreements should be considered, instead, under the antitrust "rule of reason." Consideration under the "rule of reason" provides for the evaluation of pro-competitive effects.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 21, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1036 - Lumbee Recognition Act
(Sanford (D) NC and 6 others)

The Administration strongly opposes S. 1036, because the bill would statutorily acknowledge the Lumbee Tribe of Cheraw Indians (North Carolina), as an Indian tribe. If S. 1036 is presented to the President, the Secretary of the Interior would recommend a veto.

In 1978, the Department of the Interior established in regulation a Federal "acknowledgment" process to ensure that all petitions for acknowledgment as an Indian tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian community and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

Federal acknowledgement establishes a perpetual government-to-government relationship between the tribe and the United States and has major political, social, and economic implications for the petitioning tribe and Federal, State, and local governments.

S. 1036, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded only federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment. It would also undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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June 11, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1204 - Surface Transportation Efficiency Act of 1991 (Burdick (D) North Dakota)

The Administration supports improvements and reforms to the Federal-aid Highway System and the Federal transit program. However, the Administration has serious concerns regarding certain provisions of the Senate highway bill (S. 1204) and the Senate transit bill (S. 1194). (We understand that S. 1194 will be added to S. 1204 on the Senate floor as Title IV). Unless these concerns are addressed, the President's senior advisors would recommend that the President veto the bill.

The Administration's objections are delineated below and improvements will be sought prior to passage. As reported out of Committee S. 1204 and S. 1194:

- Fail to establish and fund a National Highway System that includes the designation of priority highways of national significance, to be improved and rehabilitated with targeted Federal funds.
- Do not require a higher State and local matching share for highway and transit programs. All levels of government -- Federal, State, and local -- must increase investment in the Nation's transportation infrastructure.
- Provide authorization levels in excess of those proposed by the Administration. S. 1204 currently would authorize \$5.2 billion more for highways than the Administration's proposal over a five year period. S. 1194 would authorize \$4.7 billion more for mass transit than the Administration's proposal over the same period. These increases in spending, if enacted and made fully available by Congress, would require adjustments in other categories of spending to stay within budgetary limits.
- Fail to reduce mass transit operating subsidies. Studies show that these subsidies often undesirably inflate the transit wage structure and extend inefficient transit service to low-use suburban areas.
- Do not derive a sufficiently high level of mass transit funding from the mass transit account of the Highway Trust Fund. As a result, uncommitted balances in this account would remain high, and U.S. taxpayer subsidies of local transit would continue.

- Fail to bring financial discipline to the mass transit "new starts" program. In particular, the State and local matching share has not been increased from the existing 25 percent ratio, and funds are authorized above the level enacted by Congress in recent years. Furthermore, language has been added which would allow financing commitments for major projects, such as new rail and bus fixed guideway systems, in excess of the authorization levels of the bill.
- Force States to allocate 75 percent of their Surface Transportation Program funds based on population in urban and rural areas and provide for a possible bypass of State government by allowing the Department of Transportation to deal directly with metropolitan areas of over 1 million population. This would severely limit State flexibility and jeopardize improvements to statewide transportation and planning.
- Provide Federal financing (\$750 million) to develop prototypes and full-production systems for magnetic levitation technology. The Administration has proposed a research and development program to spur private sector and/or State interest in magnetic levitation transportation.
- Unconstitutionally limit the removal authority of the President by appointing a Director of the newly created Bureau of Transportation Statistics who can be dismissed only for cause.

The Administration supports several features of S. 1204 and of S. 1194 which are similar to the Administration's proposal. These include program consolidation, enhanced State and local autonomy over highway and transit projects, greater opportunities for private sector involvement, emphasis on environmental concerns and congestion relief, planning and management systems, and the transit planning and research program to more effectively establish investment priorities.

Pay-As-You-Go-Scoring

S. 1204 would establish a new National Recreational Trails Trust Fund Program in the Interior Department for grants to States to develop and maintain recreational trails. The program would be funded by transfers from the Highway Trust Fund and by repealing fuel tax refunds to commercial recreational off-highway taxpayers. Initially, 0.3 percent of all Highway Trust Fund revenues would be diverted to this program regardless of source. Up to \$56 million would be transferred from the Highway Trust Fund in subsequent years. The Administration does not support an arbitrary diversion in the initial year of Highway Trust Fund monies that may include non-recreation tax receipts.

The bill provides for an automatic allocation of funds to States which in the Administration's view is mandatory spending -- hence, an increase in direct spending subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. These direct spending increases are not fully offset by the repeal of the fuel tax refunds or by other means. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against S. 1204, the effects of the enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring of this program is presented in the table below. Final scoring of this legislation may deviate from these estimates. If S. 1204 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go

in millions of dollars

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Total</u>
Outlays	+30	+50	+54	+56	+190
Receipts	-1	-1	-1	-1	-4

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

October 31, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1220 - National Energy Security Act of 1991 (Johnston (D) LA)

The Administration strongly supports Senate passage of S. 1220, as reported by the Senate Energy and Natural Resources Committee. The bill represents a needed effort to achieve balanced, realistic, and comprehensive energy legislation. It will help move America toward a more secure, cleaner, and more efficient energy future. It is estimated that S. 1220 would reduce domestic oil consumption by about 1.2 million barrels per day beginning in the year 2000 and by 2.4 million barrels per day in the year 2010.

The Administration supports provisions to reform energy markets by streamlining regulation and allowing market forces to operate freely. These provisions include reform of the Public Utility Holding Company Act to enhance competition in electricity generation and streamlining or simplification of natural gas, hydropower, and nuclear power regulation. Such provisions are essential components of a balanced energy bill. In addition, the Administration supports provisions to increase energy efficiency, promote renewable energy development, and increase the use of alternative fuels in vehicle fleets. Finally, the Administration strongly believes that provisions allowing for the environmentally sensitive development of the Arctic National Wildlife Refuge (ANWR) are vital to America's future.

The Administration will not support S. 1220 if certain amendments are included in the bill. In particular, the President's senior advisers would recommend a veto if the bill includes amendments which mandate Corporate Average Fuel Economy (CAFE) levels that would jeopardize the safety of American car-buyers, risk American jobs, or impose unacceptable costs on consumers and manufacturers. Furthermore, if the provisions of S. 1220 concerning ANWR development are deleted and the provisions of S. 39 (or similar legislation) are inserted therein, the President's senior advisers would recommend a veto.

While strongly supporting the overall bill, the Administration recommends that sections of the bill be amended to delete or modify certain objectionable provisions. Changes need to be made to certain alternative fuels provisions in Title IV, specified natural gas related provisions in Title XI, and outlays in the Uranium Enrichment title. These recommended changes are described in the attachment to this statement.

SCORING FOR THE PURPOSE OF PAY-AS-YOU-GO AND DISCRETIONARY CAPS

At least one provision of S. 1220 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. The Administration supports an amendment to the uranium enrichment title that is similar to a bill which passed the Senate last year. With this amendment, the bill would be deficit neutral for pay-as-you-go purposes. It should be noted that under OMB scoring, which is used to determine the size of any necessary sequester of direct spending programs, the leasing of ANWR creates receipts to the Government which are scorable.

OMB's preliminary scoring estimates of the bill as written are presented in the table below. Final scoring of this legislation may deviate from these estimates. If S. 1220 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(dollars in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1992-1995</u>
<u>Outlays</u>					
Title VII (ANWR)	\$ --	\$ 951	\$.5	\$.5	\$ 952
Title X (Uranium)	<u>613</u>	<u>245</u>	<u>178</u>	<u>548</u>	<u>1584</u>
<u>Subtotal</u>	<u>613</u>	<u>1196</u>	<u>178.5</u>	<u>548.5</u>	<u>2536</u>
<u>Receipts/Revenues</u>					
Title III (CAFE)	--	--	-17	-33	-50
Title VII (ANWR)	--	-1901	1	1	-1899
Title VII (OCS)	<u>--</u>	<u>--</u>	<u>5</u>	<u>--</u>	<u>5</u>
<u>Subtotal</u>	<u>--</u>	<u>-1901</u>	<u>-11</u>	<u>-32</u>	<u>-1944</u>
 <u>Total</u>	 <u>\$ 613</u>	 <u>\$-705</u>	 <u>\$ 167.5</u>	 <u>\$ 516.5</u>	 <u>\$ 592</u>

AttachmentProvisions Recommended for Deletion or Modification - Major Concerns

Subtitle C of Title IV, concerning alternative fuels, is unnecessary and the Administration strongly recommends that it be deleted.

Subtitle C requires the Secretary of Energy to determine if alternative fuels are in short supply and to enter into "voluntary" agreements with fuel producers to produce and sell alternative motor fuels. The Secretary is directed to submit to Congress a plan to ensure that sufficient alternative fuels are available to meet domestic needs. The plan is to include requirements for fuel providers to produce and distribute alternative fuels. This mandatory production allocation requirement goes well beyond the National Energy Strategy. Centralized supply-demand planning and government production allocation are an intrusion into the market place which will serve no useful purpose.

With respect to Title III, the Administration favors a flexible rulemaking approach to the setting of fuel economy standards. The Department of Transportation, with the assistance of the National Academy of Sciences, is assessing the feasibility of future fuel economy levels. Fuel economy levels should not be decided upon before the results of this study have been analyzed. The Secretary should also be given discretion to consider approaches other than uniform percentage increase.

Title XI authorizes the Federal Energy Regulatory Commission (FERC) to engage in simplified certification procedures to expedite construction, extension, and operation of natural gas pipelines, provided certain terms and conditions are met.

Provisions in sections 11101 and 11102 would limit the use of streamlined licensing options for gas pipelines if such pipelines displace existing service by a local distribution company. These provisions include an "anti-bypass" limitation which is anti-competitive. The anti-bypass limitation would add a layer of regulatory review, uncertainty, and delay to what is intended to be a streamlined alternative to the traditional pipeline construction regulatory process.

Section 11104(e) conditions the approval of natural gas imports on Federal actions to redress any anti-competitive impacts on domestic producers and transfers the authority to approve imports from the Department of Energy (DOE) to the FERC. This provision should be deleted because it would unduly impair the flexibility that FERC currently has to develop rates which are in the public

interest. FERC has been acting under existing authority to address the rate conditions which gave rise to this amendment. This provision, as written, could be interpreted by our trading partners to be in conflict with U.S. obligations under the U.S.-Canada Free Trade Agreement. If legislation on this subject is to be included, the compromise language provided by the Administration to Senator Domenici is far preferable to this section.

Attachment: Technical Changes Sought by the Administration

Title IV, Section 4102, which establishes a time schedule for the Federal purchase of alternative fuel powered vehicles, should be deleted. The prescribed schedule is contrary to the more flexible approach contained in the Executive Order on Federal Energy Management (E.O. 12759), which permits consideration of the availability of alternative fuel vehicles as well as the additional funding necessary to acquire them.

Section 4111, which delegates enforcement of Federal law to State governors, raises constitutional questions by authorizing persons not appointed pursuant to the Appointments Clause to exercise significant Federal authority. This provision should be deleted.

The enforcement provisions in title IV, concerning alternative fuel fleets, are inconsistent with comparable provisions in other environmental laws (e.g. the Oil Pollution Act and the Clean Air Act Amendments). These provisions should be amended to conform to section 716 of S. 570, the Administration's National Energy Strategy legislation

Title V, section 5101 should be amended to remove provisions which infringe upon the President's constitutional power in foreign affairs. The offending provisions require contacts between certain interagency councils and foreign nations or international organizations. This section should also be amended to remove its mandate to establish a Committee on Energy Efficiency Commerce and Trade (COEECT). COEECT would overlap with and duplicate existing interagency working groups on energy trade promotion.

Section 5104 grants DOE expanded energy export promotion responsibilities which are inconsistent with the mandate of the Department of Commerce (DOC), which is the lead Federal agency in export promotion. Section 5104 should be modified to authorize DOE to assist DOC or to undertake mutually agreed upon activities in support of DOC's mandate, thus preserving DOC's role in export promotion.

Section 5301, subtitle C, which streamlines the licensing of hydroelectric power projects, should be modified as follows. FERC should be given exclusive authority to set terms and conditions for licenses for non-Federal projects at existing dams. The subtitle should stipulate that a FERC license for a non-Federal project at an existing dam will prevail if there is a conflict between it and any other permit, license, or certificate. Finally, the subtitle should be amended to retain section 4(e) of the Federal Power Act for projects at new dams. Section 4(e) authorizes Secretaries of Federal land management

agencies to issue mandatory conditions for new hydroelectric projects on lands under their purview.

Title VI, section 6101 includes a provision amending Title III of the National Energy Conservation Policy Act by requiring DOE to issue a Federal building energy code to assure the inclusion of energy efficiency measures in Federal buildings. This provision should be modified to exclude public, Department of Housing and Urban Development (HUD)-assisted, and HUD-insured housing from the definition of "Federal building". HUD has been directed to promulgate energy efficiency standards for these buildings under section 109 of the National Affordable Housing Act.

Sections 6110 and 6111 contain provisions which authorize private groups to trigger the revision of specified Federal regulatory standards. These provisions raise constitutional questions by authorizing persons not appointed pursuant to the Appointments Clause to exercise significant Federal authority and should be deleted. Sections 6110 and 6111 should also be amended to eliminate command and control style mandatory energy efficiency standards for commercial and industrial equipment and for showerheads.

Section 6201, "Energy Management Requirement for Federal Buildings," should be modified to make the project selection criterion and energy saving goals consistent with E.O. 12759. Section 6201(a)(1) requires each Federal agency, to the maximum extent practicable, to undertake all energy conservation measures with a payback period of less than ten years. E.O. 12759 employs the preferred Federal life cycle cost methodology for project selection. Moreover, E.O. 12759 sets a building energy efficiency goal for each agency of 20 percent savings per square foot by the year 2000 from 1985 usage levels. Section 6201(a)(1) has no specific goal other than the undertaking of numerous projects with lengthy paybacks. As a result, DOE conservatively estimates the cost of implementing Section 6201(a)(1) at \$5 billion or more between now and the year 2000.

The enforcement provisions in Title VII, concerning ANWR leasing, are inconsistent with comparable provisions in other environmental laws (e.g. the Oil Pollution Act and the Clean Air Act Amendments). These provisions should be amended to conform to S. 570, the Administration's National Energy Strategy legislation.

Section 7601 should be modified to allow all receipts from the development of ANWR to be retained by the Federal Government consistent with the President's FY 1992 budget.

Title VIII requires DOE and the Nuclear Regulatory Commission to undertake certain actions related to the development of advanced nuclear reactor technologies within unrealistic and inappropriate

time-frames. This title should be modified to remove all mandatory time-frames and characterize any remaining time-frames as goals.

Title X, which restructures the Department of Energy's uranium enrichment enterprise as a wholly-owned Government corporation, raises serious constitutional, litigation, indemnification, and trade problems which should be addressed.

Title X restricts the President's authority to appoint and remove the corporation's Administrator, and the Secretary of Energy's ability to supervise the Administrator. The corporation is provided budgetary and legislative bypass authority, and Congress is authorized access to most corporation documents. These authorities would impair the President's constitutional power to supervise his subordinates and withhold confidential documents and should be deleted or modified.

Section 1402(c) gives the corporation authority to litigate in its own name and by its own attorneys and section 1402(k) authorizes the corporation to settle and adjust claims. Both sections impinge upon the Attorney General's litigation authority and should be removed.

Section 1606, which would authorize the corporation to indemnify its contractors for negligence or misconduct should be deleted. Such authority is unjustified, could establish a very undesirable precedent, and could circumvent limitations on government funding to the corporation contained in this title.

Section 1402(r), which would provide Federal Tort Claims Act protection for the corporation for claims arising from a nuclear incident prior to its licensing, should also be deleted as inappropriate.

Subtitle B, which authorizes various Federal programs to aid the domestic uranium industry, should be deleted. This subtitle includes a \$300 million subsidy to help uranium companies comply with regulations governing the cleanup of uranium mill tailings. At least 25 percent of this amount will benefit foreign companies.

Subtitle B includes a provision which would establish both a natural and a depleted uranium reserve to be held in stockpiles for military uses. This provision should be deleted. These reserves can be accomplished through administrative actions. Due to a planned reduction in the size of the nuclear stockpile, DOE is currently studying the use of the large supply of enriched uranium that will be returned to the Department.

Subtitle B also includes a provision which prohibits the use of foreign uranium in a new "overfeeding" program to produce

enriched uranium. This provision should be deleted. It could be interpreted by our trading partners to be in conflict with U.S. obligations under the General Agreement on Trade and Tariffs and the U.S.-Canada Free Trade Agreement. In the same vein, the title also inappropriately restricts Federal purchases of foreign uranium.

Title XI, Section 11101 contains a provision which would require tariff filings by deregulated pipelines. This provision, proposed section 7(j)(1), should be deleted because of its potential anti-competitive effect.

Section 11107, which provides additional antitrust protection for joint ventures selling natural gas, should be deleted. Such additional protections are unnecessary. Legitimate joint ventures are already evaluated by the Justice Department under the rule of reason. Special industry-oriented antitrust protections undermine the general applicability of antitrust laws and can lead to confusion and unintended results in the courts.

Title XII, which provides discretionary financial assistance to States based on OCS drilling activities occurring in coastal waters, should be modified. As currently drafted, title XII will result in substantial litigation against the United States, both with respect to the boundaries drawn and the formulas used for distribution of funds to State and local governments.

The title should be amended to decrease the amount of revenues lost to the Federal Treasury. The bill's definition of "new revenues" (i.e. revenues from new wells on already producing leases) would be virtually impossible to administer. It should be amended to cover only revenues from leases from which no royalty payments have been made. The distribution of assistance should be based solely on actual production of the new leases, not new drilling on existing leases. Specific amounts should be provided directly to impacted local communities rather than providing all the funds to States. The bill's formula for distributing assistance to States based on seaward lateral boundaries should be deleted. Such a formula would be extremely complicated to administer and would result in extensive litigation, thus making it virtually impossible to distribute funds.

Title XIV, section 14108, requiring development of a coal export plan and section 14109, establishing a Clean Coal Technology Export Coordination Council, are unnecessary and should be deleted. The Executive branch already has an effective export program under which DOE, DOC and other appropriate agencies are carrying out numerous initiatives to promote coal and coal-related technology exports. The new council would needlessly duplicate the DOC-chaired interagency Trade Promotion Coordination Committee and its Working Group on Energy,

Environment, and Infrastructure. The Administration strongly opposes placing lead responsibility for export promotion or an export promotion council in any agency other than DOC. Such action would seriously detract from the overall coordination of the existing export program.

Section 14109 should also be amended to remove provisions which infringe upon the President's constitutional power in foreign affairs. The offending provisions require contacts between certain interagency councils and foreign nations or international organizations.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 19, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1241 - Comprehensive Violent Crime Control Act of 1991 (Biden (D) Delaware)

If S. 1241 is presented to the President in its current form, his senior advisers will recommend a veto. The Administration urges the Senate to instead pass the President's comprehensive violent crime control proposals contained in S. 635.

S. 1241 would thwart the effective use of the death penalty, overturn the major Supreme Court decisions that safeguard the finality of criminal judgments, and make no improvement in the exclusionary rule. The Administration's principal objections to S. 1241 are explained below.

Death Penalty

The so-called "Racial Justice Act" in title II of S. 1241 is the same proposal that the Senate rejected in the last two Congresses. It would effectively establish a racial quota system for capital punishment under which death sentences would be overturned if specified racial proportions were not achieved in imposing and carrying out the death penalty. Its likely result would be to invalidate all death sentences currently in effect in the United States, and to foreclose all future use of the death penalty. The systematic consideration of race in capital cases contemplated by the "Racial Justice Act" is contrary to the constitutional principle of individualized justice. The Senate should pass instead the protections against racial discrimination in title X of S. 635.

The provisions of title II of S. 1241 relating to the Federal death penalty omit important measures that the Administration supports and that the Senate passed last year. These include authorizing the death penalty for certain major "drug kingpins," and authorizing admission of information in capital sentencing hearings concerning the effect of the offense on the victim and the victim's family. The Senate should pass instead the death penalty provisions in title I of S. 635.

Habeas Corpus

Title XI of S. 1241 proposes Federal habeas corpus procedures that systematically overturn existing Supreme Court decisions which guard against delay and litigation abuse. The "optional" procedures for State capital cases in title XI of S. 1241 are far

worse than the current rules. They would increase delay, increase opportunities to engage in repetitive habeas corpus filings, and increase opportunities to raise claims that were not presented to the State courts.

Title XI of S. 1241 also would overturn the Supreme Court's decision in Teague v. Lane. It would thereby enlarge the opportunities for attacking criminal judgments on the basis of judicial decisions coming long after the case was tried and the judgment became final. This would jeopardize the integrity of convictions and sentences in all types of Federal and State criminal cases, including both capital and non-capital cases. In lieu of title XI, the Senate should pass the habeas corpus reforms in title II of S. 635.

Exclusionary Rule

S. 1241 makes no effort to reform the exclusionary rule. Title XXIII of S. 1241 is only a purported codification of the rule adopted by the Supreme Court which admits evidence obtained in objectively reasonable reliance on a warrant. This proposed codification is not accurate and would actually narrow the admissibility of evidence in comparison with current law. The Senate should pass instead title III of S. 635.

Police Corps and Law Enforcement Training and Education

Title VIII contains the latest version of the so-called "Police Corps" proposal, as well as a program of scholarships for in-service police officers. The Police Corps program would require the Federal Government to provide free college educations for 80,000 prospective entry-level police officers on an ongoing basis. If this program becomes fully operational, its annual cost could exceed \$1 billion. The Administration opposes this title because: (1) it purports to improve quality and expand the police hiring pool, but offers no assurances that participants will remain in police work after their limited service obligations are fulfilled; (2) its large cost would displace law enforcement programs of proven worth; (3) it would do nothing to increase the number of police officers on the street since officers hired under the program would be paid out of State and local police budgets, and the number of officers would continue to be constrained by those budgets; and (4) it may principally benefit students who would have joined police forces in the absence of the program.

Waiting Period for Handgun Purchases

While the President supports effective measures to identify felons attempting to purchase firearms, he is opposed to partial solutions to the problem of violent crime. If the Congress acts favorably on the President's comprehensive crime bill, the President will accept, as part of that bill, appropriate measures to identify felons attempting to purchase handguns.

The Administration considers a point-of-purchase system the best way to identify felons buying firearms. The type of background check conducted by a law enforcement official in a point-of-purchase system or during a seven-day waiting period is nearly the same. The success of both identification systems depends heavily upon computerized data relating to convicted felons. Consequently, States that have established point-of-purchase identification systems should be excluded from the procedures proposed in title XXVII of S. 1241. Such an exclusion appears to be intended by S. 1241, but the language of the bill may not accomplish this purpose.

Other Concerns

S. 1241 does not include many of the most important provisions of the President's bill relating to the criminal use of firearms, obstruction of justice, gangs and juvenile offenders, terrorism, sexual violence and child abuse, drug testing of criminal offenders, and victims' rights. Provisions addressing the same subjects in S. 1241 are frequently weaker or otherwise inadequate in comparison with the corresponding provisions in the President's bill.

S. 1241 also contains excessive authorizations of appropriations and excessive Federal matching shares for grant programs. These provisions increase the likelihood that Federal funding will supplant, rather than supplement, State and local funding. In fact, these provisions of S. 1241 would decrease the likelihood that State and local governments will continue to support programs following a limited period of Federal assistance.

Scoring for Purposes of Pay-As-You-Go and the Caps

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it will trigger a sequester if not fully offset. S. 1241 contains one provision that is subject to pay-as-you-go. It would repeal the statutory limit on expenditures from the Crime Victims Fund. OMB's preliminary scoring of this provision is that it would have no effect on the deficit during FYs 1991-1995. This is because the Fund's outlays are not expected to be greater than the amounts assumed in the baseline.

Final scoring of this legislation may deviate from this estimate. If S. 1241 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending and revenues will be issued in monthly reports transmitted to the Congress.



(SENT 7/15/91)
July 11, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.J.Res. 153 - Resolution of Disapproval of the President's
Decision to Extend MFN to China
(Cranston (D) California)

S. 1367 - United States-China Act of 1991
(Mitchell (D) Maine and 24 others)

The Administration strongly opposes S.J.Res. 153, which would deny China most-favored-nation (MFN) trade status, and S. 1367, which would place additional conditions on MFN renewal. If either of these bills is presented to the President, his senior advisors will recommend a veto.

The President extended China's MFN waiver because he determined that China met the legal requirements under the Jackson-Vanik amendment and that continuing MFN would serve broad U.S. economic and foreign policy interests and promote reform in China. Over the past year, China has continued its relatively open emigration policy. Extension of MFN substantially promotes U.S. freedom of emigration and travel objectives, and its withdrawal would place at risk the substantial gains already achieved in these areas.

Extension of MFN is also important for promoting reform in China. Foreign trade keeps China open to the outside world and supports the economic forces that are driving domestic political and social change and encouraging a loosening of state control and more personal freedom. Millions of Chinese depend on a healthy commercial relationship to justify business and social contacts with the United States. MFN withdrawal would hurt all Chinese, but would hurt most those Chinese, particularly in the market-oriented coastal provinces, who have the greatest stake in economic reform.

A fundamental pillar of our relationship with the Chinese people, MFN is essential if we are to stay engaged with China on a broad range of issues, including human rights, nonproliferation, prison labor exports, and trade. Eliminating MFN would seriously erode our ability to influence Chinese behavior on these issues. It would also hurt U.S. exporters and consumers, and undermine confidence in Hong Kong where the United States has substantial economic interests.

Conditional renewal is not acceptable because it would make China less likely to respond to U.S. concerns. Hardline Chinese leaders would claim that national honor and sovereignty preclude any concessions to the United States. Imposing new conditions for renewal would, in effect, hold our single most powerful instrument for influencing China -- trade and the openness which it brings -- hostage to the reactions of the Chinese Government.

Where particular issues are unresolved and the Chinese are not forthcoming, the President has the tools necessary to pursue U.S. interests in a targeted fashion. MFN's withdrawal is the wrong tool because of its indiscriminate impact and adverse effect on all Chinese, particularly those who continue to seek reform. The Administration believes that MFN should be renewed unconditionally now on its own merits, as the most effective means for influencing China's behavior on a range of U.S. interests.

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November 23, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1405 - National Oceanic and Atmospheric Administration
(NOAA) Authorization Act of 1991
(Kerry (D) Massachusetts and 2 others)

The Secretary of Commerce will recommend that the President veto S. 1405, unless section 111 is deleted and section 401 is satisfactorily amended.

Section 111 would add significantly to existing restrictions on efforts to modernize the National Weather Service. The restrictions in the section include a prohibition until 1996 on consolidations and relocations needed to implement the gradual and planned transition to modern operations. Section 111's provisions, which constrain the Secretary's authority, will delay the planned phase-in of weather operations and jeopardize public safety. Further, the section will increase modernization costs by \$30 million to \$50 million.

Portions of section 401 would place restrictions on the construction or repair of NOAA vessels in foreign shipyards. This provision could undermine international negotiations in which the United States is seeking to increase procurement opportunities for U.S. suppliers in foreign markets, particularly with respect to construction services. These restrictions should be deleted.

The Administration recommends deletions or modifications to other troublesome provisions of S. 1405, which would:

- Prohibit the deactivation of any NOAA research vessel until an equivalent replacement is available. This provision imposes unjustified and unreasonable constraints on the management of the NOAA fleet.
- Seek to ensure that NOAA vessels are interoperable with Navy vessels. This provision could add considerably to the cost of constructing and maintaining NOAA vessels.
- Establish a NOAA Foundation. The Foundation would not be clearly governmental or clearly private. As the President noted in a 1990 signing statement, establishing such entities "undermines the separation of power principles of our Constitution, blurring the distinction between public and private entities in a

way that may diminish the political accountability of government."

- Authorize new programs for NOAA. These activities are currently being performed under existing authorities.
- Provide appropriations authorizations that are inconsistent with the FY 1992 enacted appropriation.
- Establish reprogramming requirements. The reprogramming requirements should be amended to be consistent with those of section 606 of P.L. 102-140, the 1992 Department of Commerce Appropriations Act.
- Target funds or mandate activities in specific geographic areas.

With these changes, S. 1405 would be preferable to the House-passed bill, H.R. 2130.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 24, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1435 - International Security and Economic Cooperation
Act of 1991
(Pell (D) Rhode Island)

S. 1435 contains several provisions that give flexibility to the President to carry out foreign policy, but does not provide for the major reform of foreign aid requested by the Administration. The bill contains a number of seriously objectionable provisions. In particular, there is a provision on abortion (Section 103 (a)), which the President would veto and another provision on cargo preference (Section 305) on which the President's senior advisers would recommend veto.

Section 103(a) of the bill reverses the existing Mexico City policy, which denies U.S. foreign assistance to foreign non-governmental organizations that promote abortion as a method of family planning.

Section 305 establishes additional U.S. cargo preference requirements for the Economic Support Fund. This provision would severely complicate the provision of economic assistance in direct contravention to the reforms sought by the Administration for the foreign assistance program. It also would impede the conduct of foreign policy and adversely affect U.S. exports that must be transported by sea.

The Administration is deeply disappointed that neither the House-passed bill nor the Senate Committee-reported bill represent the fundamental and much needed rewrite of foreign aid legislation necessary to meet the new challenges of the 1990s and beyond.

Other objectionable aspects of the bill include:

- the Middle East arms policy language and arms suppliers provisions which are unnecessary in view of the President's recently announced arms control initiative;
- all country-specific provisions that would establish new constraints on the provision of foreign assistance, including those regarding Cambodia and Syria;
- continuation of multiple development assistance accounts instead of the Administration's requested consolidation of Agency for International Development (AID) accounts into a

single flexible source of funding that would more rationally provide assistance for various programs and countries;

- an additional unworkable procedural requirement suspending obligation of funds for development projects until environmental impact options are considered and opened to public comment;
- the limitations on both the level and type of assistance to Turkey and Greece, which ignore critical military and political considerations affecting the region;
- the amendments in section 402 that make Foreign Military Financing an all grant program;
- designation and limitation by the Senate of countries that are considered non-NATO allies;
- the failure to adopt several provisions requested by the Administration including authorization for a Democracy Contingency Fund, enhanced authorities to furnish excess defense articles, and revisions in the restrictions on furnishing assistance to countries;
- Enterprise for the Americas (EAI) provisions that would make local currencies intended to be used solely for important environmental activities available for other purposes, lead to conflicting regimes for management of local currencies available from P.L. 480 debt forgiveness and from AID debt forgiveness, and undermine U.S. ability to negotiate the EAI investment fund by limiting potential beneficiaries;
- narcotics control assistance provisions that retain (and in some cases tighten) current restrictions and certifications and fail to provide the required flexibility in assisting Andean Initiative countries in particular;
- additional burdensome reporting requirements, especially those contained in sections 513 and 646;
- a prohibition on sales of depleted uranium shells without the current national interest exception;
- the additional requirement for Senate advice and confirmation for specific positions in AID which would restrict the President's flexibility and discretion in the management of AID;
- holding FY 1993 appropriations authorizations for each program at 1992 levels, which arbitrarily and unduly

constrains the President's ability to meet changing circumstances and conditions; and

- a number of provisions that raise serious constitutional concerns regarding the President's authority to conduct negotiations (sections 414, 657, 722, and 791(b)(4)(5)), his appointment powers (section 678), and his authority to protect national security information from disclosure (sections 608(d) and 646).

Nonetheless, there are a number of favorable provisions, many of which support the Administration's reform and foreign policy objectives. The authorization for an International Monetary Fund quota increase is essential to meeting U.S. responsibilities in the international economy. Section 110, the special waiver authority for certain AID programs, and other sections that enhance authorities to respond to emergencies, provide an important measure of flexibility to the Executive branch. Provisions on assistance to Eastern Europe and the streamlining of reprogramming notifications are other examples of positive contributions to current law.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 16, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1539 - Intelligence Authorization Act, Fiscal Year 1992
(Boren (D) OK)

The Administration strongly opposes S. 1539 because it would require the annual disclosure of the aggregate amount of funds expended, requested, and authorized for U.S. intelligence and intelligence-related programs. If S. 1539 is presented to the President in its current form, his senior advisers would recommend that he veto the bill.

The annual disclosures, as required under sections 104 and 105, are likely to raise innumerable questions that can only be answered by disclosing classified activities, which, in turn, could ultimately jeopardize U.S. national security. Six committees of Congress (142 members) currently review intelligence funding in detail, and all members have access to a breakdown of classified programs. These elected officials are in a position to weigh intelligence needs against other competing demands.

The Administration also opposes the significant reductions in the operating budgets of the National Foreign Intelligence Program, as provided for in the classified annex. The magnitude of the reductions in funding would significantly impact the Intelligence Community's ability to meet today's intelligence challenges, especially those pertaining to the United States and Soviet Union. Additional reasons for restoring these reductions have been provided in the classified appeal by the Director of Central Intelligence.

Finally, the Administration notes the language of the classified annex regarding the subordination and reorganization of certain intelligence activities. The Administration welcomes constructive criticism and will examine the merits of the specific recommendations. The Administration, however, will assert the Executive branch's prerogative to organize as necessary to accomplish its mission and will consider such language to be advisory.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 23, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1745 - Civil Rights Act of 1991
(Danforth (R) Missouri and 6 others)

If S. 1745 were presented to the President in its current form, his senior advisers would recommend a veto. The bill suffers from essentially the same major problems as H.R. 1, which was passed by the House of Representatives this year, and last year's Kennedy-Hawkins bill, which the President vetoed.

S. 1745 is a quota bill. The "disparate impact" provisions would overturn two decades of Supreme Court precedent, replacing this settled body of law with novel rules of litigation that will drive employers to adopt quotas and other unfair preferences. Employers who have not intentionally discriminated against anyone, but whose bottom-line numbers are not "demographically correct," will risk being dragged into lawsuits where the deck is stacked in ways that make a successful defense almost impossible.

In addition to flawed provisions dealing with the prima facie case and with "alternative employment practices," S. 1745 also defines the "business necessity" defense much too narrowly. S. 1745, for example, would prevent employers from defending a host of perfectly legitimate hiring and promotion criteria, including educational standards that all of our students should be encouraged to meet.

To suggest that the addition of eight words taken from the Americans with Disabilities Act ("ADA") represents an improvement in the definition of business necessity is incorrect. These words do not define "business necessity" either in the ADA (which uses "business necessity" as an undefined term) or in S. 1745. Nor does the use of these eight words materially alter the definition in S. 1745's predecessor bill (S. 1408). The same words could be inserted into the President's bill without changing its meaning. The Administration would have no objection to including these eight words in the President's bill.

S. 1745 is also a quota bill because it would close the courts to those who have been victimized by quotas in consent decrees. This provision is both manifestly unjust and unconstitutional. It would, moreover, create new incentives for collusive lawsuits in which employers would be encouraged to settle complaints by one portion of their workforce by illegally bargaining away the rights of another group of employees.

S. 1745 would also create a lawyers' bonanza. It provides for jury trials and compensatory damages in all cases under Title VII of the Civil Rights Act of 1964, along with punitive damages in many cases. (As currently written, the bill would even make damages available in disparate impact cases, which goes beyond H.R. 1 and last year's Kennedy-Hawkins bill.) These damages provisions would transform Title VII from its original design, which emphasizes conciliation and make-whole relief, into an entirely different structure modeled on our Nation's tort system -- which is now widely recognized to be in a state of crisis.

S. 1745 continues the congressional pattern of exempting itself from the civil rights laws. Although the bill includes provisions that purport to extend coverage to Congress, S. 1745 grants no judicially enforceable rights to congressional employees.

The Administration's Proposal

The Administration's proposal, S. 611, would strengthen our Nation's civil rights laws without creating powerful new incentives for quota hiring. S. 611 also avoids subjecting American businesses, and the victims of discrimination, to endless and excessively costly litigation.

Like S. 1745, the Administration bill would overturn the Lorance and Patterson decisions; overturn Wards Cove by shifting the burden of proof to the employer in defending "business necessity;" authorize expert witness fees in civil rights cases; and extend the statute of limitations and authorize the award of interest against the U.S. Government.

The Administration bill would make available new monetary remedies under Title VII, up to \$150,000, for victims of sexual harassment in the workplace. The Administration bill also includes special provisions creating incentives for employers to prevent and correct sexual harassment without waiting for lawsuits to be filed. Finally, the Administration bill extends Title VII to apply to Congress.

In sum, the Administration bill achieves every legitimate goal of S. 1745. These important new protections for American employees should not be held hostage for S. 1745, which will produce quotas and other forms of unfair preferential treatment, disproportionately disadvantage small and medium-sized businesses, and unduly enrich the plaintiffs' bar.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

January 31, 1991 (Sent)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.J.Res. 44 - Suspending Certain Provisions of Law
Pursuant to Section 258(a)(2) of the Balanced Budget and
Emergency Deficit Control Act of 1985
(Mitchell (D) ME)

If S.J.Res. 44 were presented to the President, the President's senior advisers would recommend that he veto it. While the Administration's economic assumptions include two consecutive quarters of negative real economic growth, the Office of Management and Budget, the Congressional Budget Office, and most private sector forecasts project that the economy should begin to recover in the second quarter this year with the pace of growth accelerating into 1992. Suspension of the Federal budget discipline enacted at the close of the 101st Congress would be effective for all of fiscal year 1991 and fiscal year 1992, long after economic growth is expected to resume. The prospect of such a suspension of discipline could prove counter-productive with respect to the economy.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

May 7, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.J.Res. 137 - Suspending Certain Provisions of Law
Pursuant to Section 258(a)(2) of the Balanced Budget and
Emergency Deficit Control Act of 1985
(Mitchell (D) ME)

If S.J.Res. 137 were presented to the President, his senior advisers would recommend that he veto it. Current economic conditions do not warrant suspension of the Federal budget discipline enacted at the close of the 101st Congress.

The preliminary real economic growth rates reported by the Department of Commerce for the fourth quarter of 1990 and the first quarter of 1991, in combination, leave real GNP at a level almost identical to that projected for the first quarter by the Administration and the Congressional Budget Office.

Current economic signals are mixed -- as is often characteristic of an economic turning point. A majority of private forecasters believe that the upturn will commence in the current quarter. In this context, a relaxation of fiscal discipline would prove counter-productive.

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(SENT 7/15/91)
July 11, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.J.Res. 153 - Resolution of Disapproval of the President's
Decision to Extend MFN to China
(Cranston (D) California)

S. 1367 - United States-China Act of 1991
(Mitchell (D) Maine and 24 others)

The Administration strongly opposes S.J.Res. 153, which would deny China most-favored-nation (MFN) trade status, and S. 1367, which would place additional conditions on MFN renewal. If either of these bills is presented to the President, his senior advisors will recommend a veto.

The President extended China's MFN waiver because he determined that China met the legal requirements under the Jackson-Vanik amendment and that continuing MFN would serve broad U.S. economic and foreign policy interests and promote reform in China. Over the past year, China has continued its relatively open emigration policy. Extension of MFN substantially promotes U.S. freedom of emigration and travel objectives, and its withdrawal would place at risk the substantial gains already achieved in these areas.

Extension of MFN is also important for promoting reform in China. Foreign trade keeps China open to the outside world and supports the economic forces that are driving domestic political and social change and encouraging a loosening of state control and more personal freedom. Millions of Chinese depend on a healthy commercial relationship to justify business and social contacts with the United States. MFN withdrawal would hurt all Chinese, but would hurt most those Chinese, particularly in the market-oriented coastal provinces, who have the greatest stake in economic reform.

A fundamental pillar of our relationship with the Chinese people, MFN is essential if we are to stay engaged with China on a broad range of issues, including human rights, nonproliferation, prison labor exports, and trade. Eliminating MFN would seriously erode our ability to influence Chinese behavior on these issues. It would also hurt U.S. exporters and consumers, and undermine confidence in Hong Kong where the United States has substantial economic interests.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 9/13/91)
September 12, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.J.Res. 186 - Suspending Certain Provisions of Law
Pursuant to Section 258(a)(2) of the Balanced Budget and
Emergency Deficit Control Act of 1985
(Mitchell (D) ME)

If S.J.Res. 186 were presented to the President, his senior advisers would recommend that he veto it. Current economic conditions do not warrant suspension of the Federal budget discipline enacted at the close of the 101st Congress.

The real economic growth rates reported by the Department of Commerce are consistent with the pace of recovery projected in the economic forecast released in mid-July as part of the Mid-Session Review of the 1992 Budget. In addition, current economic indicators show many signs of an economic upturn, and a majority of private forecasters predict a two to three percent growth rate for the third quarter. In this context, relaxing fiscal discipline would be counter-productive.

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July 8, 1991
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J.Res. 263 - Disapproving the Extension of MFN to China
(Solomon (R) New York and 40 others)

H.R. 2212 - Additional Objectives Which China
Must Meet to Receive MFN
(Pelosi (D) California and 150 others)

The Administration strongly opposes H.J.Res. 263, which would deny China most-favored-nation (MFN) trade status, and H.R. 2212, which would place additional conditions on MFN renewal. If either of these bills are presented to the President, his senior advisors will recommend a veto.

The President extended China's MFN waiver because he determined that China met the legal requirements under the Jackson-Vanik amendment and that continuing MFN would serve broad U.S. economic and foreign policy interests and promote reform in China. Over the past year, China has continued its relatively open emigration policy. Extension of MFN substantially promotes U.S. freedom of emigration and travel objectives, and its withdrawal would place at risk the substantial gains already achieved in these areas.

Extension of MFN is also important for promoting reform in China. Foreign trade keeps China open to the outside world and supports the economic forces that are driving domestic political and social change and encouraging a loosening of state control and more personal freedom. Millions of Chinese depend on a healthy commercial relationship to justify business and social contacts with the United States. MFN withdrawal would hurt most those Chinese, particularly in the market-oriented coastal provinces, who have the greatest stake in economic reform.

A fundamental pillar of our relationship with the Chinese people, MFN is essential if we are to stay engaged with China on a broad range of issues, including human rights, nonproliferation, prison labor exports, and trade. Eliminating MFN would seriously erode our ability to influence Chinese behavior on these issues. It would also hurt U.S. exporters and consumers, and undermine confidence in Hong Kong where the United States has substantial economic interests.

Conditional renewal is not acceptable because it would make China less likely to respond to U.S. concerns. Hardline Chinese

leaders would claim that national honor and sovereignty preclude any concessions to the United States. Imposing new conditions for renewal would, in effect, hold our single most powerful instrument for influencing China -- trade and the openness which it brings -- hostage to the reactions of the Chinese Government.

Where particular issues are unresolved and the Chinese are not forthcoming, the President has the tools necessary to pursue U.S. interests in a targeted fashion. MFN's withdrawal is the wrong tool because of its indiscriminate impact and adverse effect on all Chinese, particularly those who continue to seek reform. The Administration believes that MFN should be renewed unconditionally now on its own merits, as the most effective means for influencing China's behavior on a range of U.S. interests.

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May 16, 1991
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 3 - Senate Election Ethics Act of 1991 (Boren (D) Oklahoma and 21 others)

Although the Administration agrees that the current campaign finance system suffers from a number of serious defects and that there is a need for reform, the Administration strongly opposes enactment of S. 3. If S. 3 is presented to the President in its current form, his senior advisers will recommend that it be vetoed. The following statement details several of the Administration's most serious objections to the bill. It does not, however, represent an exhaustive list.

The Administration recognizes the need for a comprehensive reform package that confronts the twin evils of the current system -- (1) practices which give incumbents unfair advantages, and (2) the role played by special interest political action committees (PACs) subsidized by corporations, labor unions, and trade associations. The President proposed such a package in 1989. S. 3, however, would aggravate many of the worst features of the existing financing system.

Campaign finance reform must employ neutral principles that foster free competition in ideas and do not threaten the constitutional guarantee of freedom of speech. S. 3 would coerce Senate candidates into agreeing to participate in a program of unconstitutional campaign spending limits. If a nonparticipating candidate reported that he or she had exceeded the spending limit, a participating major party candidate would be entitled to public funds in the amount of two-thirds of the spending limit. The participating candidate would be entitled to an additional payment in the amount of one-third of the spending limit if the nonparticipating candidate exceeded the limit by another one-third.

The expenditure ceilings would restrict challengers' efforts against incumbents and limit the quantity of political speech in which candidates could engage. In doing so, S. 3 would place unconstitutional burdens on the rights of individual candidates to make campaign expenditures as well as on the rights of contributors. Only a compelling interest of the Government, such as preventing corruption or the appearance of corruption, could warrant such a restriction on political speech. No such justification applies here.

In addition, by attempting to equalize campaign financial resources, the proposed program would stack the deck even more heavily in favor of incumbents, who enjoy substantial name recognition at the start of a campaign. In a time of significant fiscal constraints, there is no justification for wasting taxpayer dollars on an incumbent protection scheme.

Several of the provisions of S. 3 that purport to regulate political advertisements also violate the First Amendment rights of political candidates. Nonparticipating candidates must, for example, include in all their advertisements the sentence: "This candidate has not agreed to abide by the spending limits for this Senate election campaign set forth in the Federal Election Campaign Act." The requirement would not only mislead the public into believing that the candidate is not complying with the law, thus further coercing candidates to accept expenditure limits, but would also strike at the heart of the First Amendment by imposing disruptive government regulation on political messages. Other regulations on political advertising imposed under the bill (i.e., in section 203) are also unreasonable and go well beyond the measures needed to ensure proper disclosure.

The President favors the abolition of all special interest PACs subsidized by corporations, unions, and trade organizations. S. 3 would go beyond this by enacting a broad ban on campaign contributions and expenditures by independent, unsubsidized organizations and associations. These organizations are not part of the problem of public corruption. Thus, a ban on these organizations participating in election politics cannot be justified by an interest in avoiding corruption. This overbroad ban creates needless constitutional difficulties that could be avoided by narrower prohibitions suggested by the Administration.

In addition, the Administration strongly objects to the provision of the bill that sets a postal subsidy bearing no relationship to cost. Currently, reduced postage mailers (e.g., charitable and religious organizations) pay direct costs associated with their mail. S. 3, however, grants political candidates an even greater subsidy. This level of subsidization is inconsistent with the Postal Service Reorganization Act and sets an unwise precedent.

Scoring for the Purpose of Pay-As-You-Go and the Caps

The Boren substitute for S. 3 is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. As currently worded, benefits from the Senate Election Campaign Fund are subject to the availability of appropriations.

If S. 3 were fully funded, there would be significant outlay consequences. OMB's preliminary estimate of the outlays that could occur if the bill were fully funded is as follows:

(\$ in millions)

	<u>1994</u>		<u>1996</u>	
	<u>Expected</u>	<u>Maximum</u>	<u>Expected</u>	<u>Maximum</u>
Outlays	43	73	31	68

The 1994 outlays would be subject to pay-as-you-go if mandatory spending language such as that in the reported version of S. 3 were restored. The outlays would be scored under the discretionary caps if spending were instead subject to appropriation action.

The Boren substitute would also result in additional outlays from the Postal Service revenue foregone appropriation. OMB's preliminary estimate of these outlays (which are not scored for pay-as-you-go purposes) is as follows:

(\$ in millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Outlays	--	--	--	18	--	16

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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 248 - Niobrara Scenic River Designation Act of 1991
(Exon (D) Nebraska and Kerrey (D) Nebraska)

The Administration strongly opposes the enactment of S. 248. The bill would designate segments of the Niobrara and Missouri Rivers as components of the National Wild and Scenic Rivers System, to be managed by the Secretary of the Interior as part of the National Park System. The Administration believes that a formal new area study should be a prerequisite for the establishment of any new unit of the National Park System. No such study of the Niobrara or the Missouri river segments has been conducted. A study is especially important in this case because the lands along the banks of the river segments affected by the bill are largely in private ownership.

S. 248 would also require Secretarial administration of the Missouri River segment to be in consultation with a recreational river advisory group established by the bill. This consultation requirement duplicates National Park System procedures and is unneeded.

Unless S. 248 is amended to provide for a study of possible future designation of the Niobrara and Missouri river segments as part of the National Wild and Scenic River System, and the advisory group provision is deleted, the Secretary of the Interior would recommend that the President veto S. 248.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

July 16, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 323 - Title X Pregnancy Counseling Act of 1991
(Chafee (R) RI and 44 others)

S. 323 would require the use of title X family planning dollars for counseling on, and referral for, abortion. In addition, by negating current regulations, it would continue the practice of minors being counseled and referred for abortions without parental consent. Under current regulations, pregnant women who seek services from title X funded projects are appropriately referred for counseling to qualified providers.

In addition, all Committee-sponsored versions of S. 323 that we have reviewed contain other very significant defects. The Committee-passed bill would require all title X projects to counsel women regarding abortion, even if the project or project employee has religious or moral objections to abortion. This is impossible to reconcile with the legislation sponsors' stated free speech concerns. A proposed Committee substitute seeks to cure this defect, but in so doing, creates a problem in the opposite direction. It would permit a title X project or project employee only to counsel abortion, rather than also presenting other options in a neutral manner, if presenting the additional options neutrally were contrary to the projects's or project employee's religious or moral views, although the project or project employee would be required to refer a pregnant woman to another provider concerning the options not counseled.

In a June 4, 1991, letter to Majority Leader Mitchell and Republican Leader Dole, the President stated that he would veto any legislation that weakens current law or existing regulations for abortion-related activities. His intention is to ensure that no Federal funds are used to support abortion. If S. 323 is presented to the President in its current form, he will veto it.

The Administration is not in any respect seeking to impose a so-called "gag rule." The Administration remains committed to the protection of free speech. As the Supreme Court noted in upholding the regulations, "[T]he title X program regulations do not significantly impinge upon the doctor-patient relationship. Nothing in them requires a doctor to represent as his own any opinion that he does not in fact hold."

The Administration seeks to ensure the integrity of title X as a pre-pregnancy family planning program and also ensure that women who are pregnant are referred to providers that can ensure continuity of care. Accordingly, the Administration urges that S. 323 be so amended.

The President will accept a bill only if it is consistent with the above principles.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 45 - Jena Band of Choctaw Recognition Act
(Johnston (D) Louisiana and Breaux (D) Louisiana)

S. 362 - Mowa Band of Choctaw Indians Recognition Act
(Shelby (D) Alabama and Heflin (D) Alabama)

S. 374 - Aroostook Band of Micmacs Settlement Act
(Cohen (R) Maine and Mitchell (D) Maine)

The Administration strongly opposes S. 45, S. 362, and S. 374, because these bills would statutorily acknowledge the Jena Band of Choctaw Indians (Louisiana), the Mowa Band of Choctaw Indians (Alabama), and the Aroostook Band of Micmac Indians (Maine), respectively. If either S. 45, S. 362, or S. 374 is presented to the President, the Secretary of the Interior will recommend a veto.

In 1978, the Department of the Interior established the Federal acknowledgment process to ensure that all acknowledgment petitions would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian tribes and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

S. 45, S. 362, and S. 374, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded Federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment and would undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 30, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 5 - Family and Medical Leave Act of 1991
(Dodd (D) CT and 39 others)

The Administration's position on mandated family and medical leave remains unchanged since the President's veto of H.R. 770 on June 29, 1990. Accordingly, if S. 5 or any similar legislation, including the amendment that will be offered by Senators Dodd and Bond, were presented to the President, his senior advisers would recommend a veto.

S. 5 would require public and private employers with 50 or more employees, including the Federal Government, to provide their employees with mandatory leave. Specifically, S. 5 would mandate up to 12 workweeks of family or medical leave in any 12-month period. The bill would also require employers to maintain health insurance coverage for the duration of the leave.

The Administration supports and encourages family and medical leave policies designed to meet the specific needs of individual companies and their employees. The Administration believes, however, that this objective can best be achieved voluntarily through employee-employer negotiations or the normal collective bargaining process between management and labor, not by the Federal Government mandating employee benefits.

In addition, S. 5 would:

- Reduce the flexibility necessary to meet the needs of a changing workforce and undermine the current trend toward flexible benefit policies.
- Encourage employers to reduce overall employee benefits by limiting voluntary benefits in order to afford new, mandatory family and medical leave benefits.
- Impose the costs of leave on employers regardless of their ability to absorb such costs, thus reducing their productivity and U.S. competitiveness. The impact on small business would be onerous.

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November 13, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 543 - Comprehensive Deposit Insurance Reform and Taxpayer Protection Act of 1991 (Riegle (D) Michigan and 2 others)

The Administration supports S. 543, as reported by the Senate Committee on Banking, Housing, and Urban Affairs, with the amendments described below. However, the Administration strongly opposes the bill's restrictions on existing insurance activities by banks. If (1) significant additional restrictions are placed on the ability of banking organizations to diversify safely into new financial activities, (2) the interstate branching provisions are substantially weakened, or (3) deposit insurance losses are required to be financed in a way that violates last year's budget agreement, the President's senior advisers would recommend a veto.

S. 543, as reported by the Banking Committee, is comprehensive legislation designed to create a safer, more competitive banking system. S. 543 recapitalizes the bank deposit insurance fund, sets clear standards for prompt corrective action by regulators to resolve troubled banks, permits banks to reduce risk by diversifying safely into new securities activities and across more geographic areas, and addresses in the lender liability title an important element of the credit crunch by encouraging lenders to become willing partners in environmental cleanup efforts. The Administration strongly supports all of these efforts, but believes that certain modifications would make S. 543 even more effective in strengthening the banking system and reducing taxpayer risk.

Amendments Supported by the Administration

The Administration believes that the following amendments would substantially strengthen the bill:

- Eliminating the restrictions on the sale of insurance by interstate branches of banks where such insurance activities are permitted by State law for State banks.
- Modifying the provision that limits all insurance sales authority of national banks to that provided by State law. The provision rolls back current law in the majority of States and undermines the dual banking system.

- Allowing commercial firms to affiliate with banks, subject to strict firewalls. Commercial firms will be an important source of much-needed capital for the banking industry and should at least be able to purchase failing banks, where the benefit to the taxpayer is substantial and immediate.
- Limiting deposit insurance coverage to \$100,000 per person per bank, with a separate \$100,000 in coverage for certain retirement accounts. This will reduce taxpayer exposure by limiting insurance coverage to protection of the average depositor.
- Treating interstate branches of national banks the same as separately chartered national banks, not the same as State bank branches. This preserves current law and the dual banking system.
- Eliminating provisions that discriminate against foreign banks with respect to interstate branching or banking.
- Eliminating the arbitrary concentration limitations on mergers and acquisitions. Mergers and acquisitions involving depository institutions are fully subject to antitrust review, and arbitrary limitations may prevent efficient or procompetitive transactions.
- Eliminating the requirement that banks provide Government check cashing or basic banking accounts and produce unnecessary additional reports. These provisions impose burdensome regulatory costs on banks without demonstrating sufficient public benefit.
- Making important technical and clarifying amendments to the lender liability title.
- Providing somewhat greater flexibility for bank regulators to avoid the premature shutdown of a weak bank that has significant prospects for recovery.
- Eliminating provisions that reduce the regulatory authority of the Office of the Comptroller of the Currency in certain areas (e.g., enforcement, supervision, and the resolution of troubled institutions).
- Including provisions that, when combined with the extension of the statute of limitations for securities lawsuits now in the bill, would help curtail meritless litigation. The Administration would oppose an extension of the statute of limitations without such reforms.

- Deleting the proposed exclusion of the employees of the Securities and Exchange Commission from the normal Federal employee compensation provisions. The Federal Employees Pay Comparability Act of 1990 provides sufficient pay flexibility to enable the Commission to recruit and retain the caliber of employees it needs.
- Allowing Federal banking regulators to conduct litigation on their own behalf, but only with the prior consent of the Attorney General and subject to the Attorney General's direction and control.
- Deleting provisions requiring production of a one dollar gold coin honoring Christopher Columbus.

Amendments Opposed by the Administration

The Administration would strongly oppose any amendment to S. 543 that would:

- Move bank and thrift regulation from the Treasury Department to an independent agency.
- Impose new, unworkable "firewalls" on bank securities activities or further limit the ability of regulators to make technical modifications to the firewalls in light of developing banking practice.
- Substantially weaken the interstate banking provisions, especially any amendment that would only authorize interstate branching if each State "opted in" by a new State statute, which would virtually eliminate benefits from interstate activity.
- Establish inflexibly high capital standards in statute as a precondition for banks to engage in interstate branching. Such a requirement would deter regional diversification and increase the likelihood of bank failures.
- Expand the Community Reinvestment Act and other consumer protection laws to impose burdensome new requirements that would impede interstate branching and new financial activities for banks.
- Require deposit insurance losses not paid for by the industry to be funded in a deficit neutral manner. This amendment violates last year's budget agreement, which recognized that currently outstanding deposit insurance liabilities should not be subject to pay-as-you-go offsets.

- Expand pass-through insurance coverage for pension plans or other large depositors.
- Limit the flexibility of regulators, in consultation with the Administration, to protect against systemic risk in the banking system, with costs borne by the banking industry.

Other Matters

The Department of State and the Office of the United States Trade Representative have testified regarding very serious objections our trading partners are likely to raise about the effect of the Fair Trade in Financial Services Act (contained in S. 543 as Subtitle VI-C) on U.S. treaty obligations, the possibility of uncoordinated and inconsistent measures imposed by independent regulatory agencies, and the importance of "grandfathering" current foreign participants in the United States financial sector. In addition, the provisions requiring negotiations with foreign governments and reports on current negotiations intrude on the President's authority over the conduct of foreign affairs and raise serious constitutional concerns.

However, the Treasury Department has testified that the subtitle provides sufficient discretion to the Secretary to meet treaty obligations, to provide satisfactory coordination with regulators, and to provide grandfathering where appropriate.

Scoring for Purposes of Pay-As-You-Go

OMB's preliminary scoring estimate of this bill is that its net effect for pay-as-you-go purposes would be zero. Final scoring of this legislation may deviate from this estimate. If S. 543 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by the Omnibus Budget Reconciliation Act of 1990. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

The impact of the requirement that banks and thrifts register their securities with the SEC would result in a negligible increase in registration fees and decrease outlays. The change in the definition of bank holding companies would have a negligible effect on tax receipts.

The following provisions are scored at zero for pay-as-you-go purposes: lender liability; Rhode Island loan guarantees; establishment of "lifeline banking accounts"; the Fair Lending Enforcement Act; the Truth in Savings Act; the new \$1 coin; new penalties for illegal money transmission; and the removal of cost limitations on the construction of Federal Reserve Bank buildings.

The bill's "too big to fail" provisions would decrease outlays, but it is not possible to estimate the size of the decrease. Similarly, estimates of the pay-as-you-go impact of the bill's provisions on pass-through insurance are not available at this time.

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October 4, 1991
(Senate) SENT 10/8/91

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 680 - Tourism Policy and Export Promotion Act of 1991
(Rockefeller (D) West Virginia and 20 others)

The Administration strongly opposes S. 680, because it would severely and harmfully restrict the authority of the Secretary of Commerce to manage the United States Travel and Tourism Administration (USTTA). Unless S. 680 is amended to delete or satisfactorily modify the following provisions, the Secretary of Commerce will recommend a veto:

Section 10(c). Capping administrative expenses at 50 percent of the annual appropriation would force the USTTA to reduce its staff from 94 to 51 full-time equivalents. This reduction would severely curtail USTTA's service to: (1) potential first-time visitors to the United States; (2) U.S. cities, States, and regions; and (3) small- and medium-size private sector members of the travel industry.

Section 10(b). Requiring USTTA to establish three overseas regional offices to manage its 13 international offices would impose an unnecessary layer of management. It would also waste scarce funds and personnel slots.

Section 6(b). Authorizing USTTA to make grants for tourism trade development programs could lead to the diversion of scarce program dollars needed for current, higher-priority programs. A floor amendment may be offered that would replace the authorization for grants with an authorization for cooperative marketing activities. This would be preferable, because cooperative marketing activities, which involve State and local government, the private sector, and the Federal Government, are a more effective way to provide assistance to promote tourism.

Section 10(a). Requiring a career civil servant to be designated Deputy Under Secretary for Tourism Trade Development is an inappropriate infringement on the Secretary's ability to manage the Department of Commerce. Given the sensitive policy matters that can arise when the Under Secretary is absent, the Deputy Under Secretary should be a political appointee. The functions specified for the new career Deputy Under Secretary are presently performed by a career Deputy Assistant Secretary for Tourism Marketing.

The Administration also urges that S. 680 be amended to:

- Eliminate the provisions of Section 3 which lay the foundation for moving from quarterly to monthly publication of international travel receipts and payments. Switching to a monthly reporting system would be burdensome and would not yield benefits commensurate with the costs, which could be as high as \$15 million.
- Delete Section 8, which would establish a Rural Tourism Development Foundation as a charitable and nonprofit corporation. Creation of a Federally-chartered, nominally private foundation to assist a Federal agency in accomplishing its mission would pose legal problems.
- Revise Section 11 to authorize appropriations of "such sums as may be necessary" for FYs 1993, 1994, and 1995.
- Delete Section 7, which would require the Secretary to ensure that the services of the United States and Foreign Commercial Service continue to be available to assist USTTA. It is inappropriate to require in law that the Secretary ensure that agencies in his Department assist each other.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 21, 1991 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 347 - Defense Production Act Amendments of 1991
(Riegle (D) MI and 7 others)

The Secretary of Defense will recommend that the President veto S. 347 unless the provisions pertaining to industrial policy, delegatory authority, and the Defense Production Act Fund's contingency liabilities are deleted. In particular, S. 347 would:

- permit or require the limitation of the production and procurement of critical military components and technology to domestic sources, (sections 111 and 201);
- circumvent necessary budgetary controls on spending by authorizing purchase guarantees and other actions that could result in obligations in excess of available budgetary resources (section 122); and
- require that only officers appointed by the President and confirmed by the Senate approve the priority rating applied to each Defense contract, creating an enormous bottleneck due to the large number of Defense contracts that are currently rated (section 133).

In lieu of S. 347, the Administration urges Congress to enact the its proposal, S. 259, which would extend the Defense Production Act of 1950 (DPA) until October 20, 1991. S. 259 also contains two amendments which include the provision of contract services and energy aspects of the current Persian Gulf conflict. Enactment of the Administration's proposal would support the defense requirements of Operation Desert Storm.

The DPA authorizes the President to direct materials and facilities from civilian to military use to ensure adequate industrial production and supply for national security purposes. Additionally, the DPA authorizes loans, loan guarantees, purchase guarantees, and antitrust protection to participants in voluntary agreements to assist in production and supply to promote the national defense.

Although S. 347 would extend the essential DPA authorities, it would also establish entirely new industrial policy initiatives,

extensive data collection and reporting requirements, procurement restrictions, and protectionist trade practices. These provisions would weaken the Nation's defense industrial base, increase the cost of weapon systems, and invite reprisal among our trading partners and military allies. More specifically, the Administration objects to:

- Sections 123, 402, 403, and 404, which would mandate certain diplomatic initiatives and require disclosure to Congress of information relating to the initiatives. These provisions would interfere with the President's exercise of his constitutional authority to conduct foreign affairs and to maintain the confidentiality of international negotiations.
- Section 124, which would require the Secretary of Commerce to prepare, on behalf of the President, an annual report on the impact of offsets that would be unnecessary and burdensome on U.S. industry. Section 124 would also require the Secretary of Commerce to report alternative findings and recommendations submitted by Executive agencies. Such requirements interfere with the management of the Executive branch and violate the President's authority to maintain the confidentiality of the Executive branch deliberative process.
- Section 136, which would establish an information system on the defense industrial base that would be burdensome, costly and unnecessary.
- Section 138, which would fail to provide proper or adequate conflict of interest and antitrust protection for members of the National Defense Executive Reserve.
- Sections 202 and 203, which would establish acquisition preference policies before the Executive branch has completed its review of these policies.
- Section 301(b), which would require a biennial report on alternative energy fuel sources for supporting the defense industrial base.
- Title IV, which would establish a policy of reciprocity in financial services which would be contrary to the historic open investment policy of the United States, which under certain circumstances would violate certain U.S. international obligations, and which would interfere with the President's constitutional authority to conduct foreign affairs.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 11, 1992 (SENT 8/12/92
(House))

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J.Res. 454 - Assassination Materials
Disclosure Act of 1992
(Stokes (D) Ohio and 112 others)

The Administration fully supports the goal of assuring the maximum public disclosure of records concerning the assassination of President John F. Kennedy, with narrow exceptions only where necessary to serve the public interest. Indeed, the Administration urges House passage of S. 3006, the "President John F. Kennedy Assassination Records Collection Act of 1992," as passed by the Senate on July 27, 1992.

One provision of H.J.Res. 454, however, raises serious constitutional questions related to the separation of powers. Under that provision, the Special Division of the Court of Appeals for District of Columbia Circuit would appoint members of a Review Board to evaluate assassination materials. By contrast, S. 3006 provides for the establishment of a Review Board appointed by the President with the advice and consent of the Senate. Therefore, if H.J.Res. 454 were presented to the President in its current form, his senior advisors would recommend a veto.

The Administration also opposes H.J.Res. 454 because it would:

- Unlike S. 3006, fail to authorize the President to supersede determinations of the Review Board regarding Executive branch information contained in congressional documents.
- Grant independent litigating authority to the Review Board.
- Grant the Review Board "access to any record" maintained by an executive agency, regardless of its relationship to the assassination of President Kennedy.
- Allow only 60 days from enactment for an agency to review assassination materials before providing them to the Review Board. (S. 3006 would provide 300 days for these reviews.)

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 9, 1992 (SENT)
(House Rules) and SENT to House
on 7/17/92

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.J.Res. 502 - Disapproving the Extension of MFN to China
(Solomon (R) New York)

H.R. 5318 - United States-China Act of 1992
(Pease (D) Ohio and 34 others)

The Administration strongly opposes H.J.Res. 502, which would deny China most-favored-nation (MFN) trade status, and H.R. 5318, which would place additional conditions on MFN renewal. If either of these bills were presented to the President, his senior advisors would recommend a veto.

The President's decision to renew the waiver extending China's MFN status is based on the principle that engagement with China offers the best hope for democratic reform. The unconditional extension of MFN substantially promotes broader U.S. interests in human rights, nonproliferation, and trade. As noted below, the United States' record of addressing issues of concern with China has been one of considerable success.

Emigration. The Jackson-Vanik Amendment requires the President to determine whether renewal of the MFN waiver would substantially promote freedom of emigration from China. It is clear that an extension of the waiver would advance this objective. Over 18,000 Chinese citizens emigrated to the United States last year. Indeed, the principal restraint on emigration is not Chinese policy, but rather the capacity and willingness of other nations to absorb Chinese immigrants.

Nonproliferation. As a direct result of targeted Administration sanctions, China's support for global nonproliferation initiatives has increased significantly. For example, China: (1) agreed to adhere to the Missile Technology Control Regime guidelines and parameters and has acceded to the Nuclear Non-Proliferation Treaty; (2) is involved in the President's Middle East Arms Control Initiative; and (3) is participating in the Chemical Weapons Convention in Geneva.

Trade. China is implementing reforms to improve significantly the protection of patents and copyrights, including computer software. U.S. industry has strongly endorsed these reforms and has urged continuation of MFN for China. In addition, Chinese

negotiators agreed to a draft memorandum of understanding that will prohibit exports of prison labor products to the United States and will provide for U.S. inspection of suspect Chinese facilities. The United States is making every effort to conclude successfully market access talks with China by the October deadline.

Human Rights. Promotion of fundamental human rights is and will remain at the forefront of U.S. foreign policy objectives toward China. We have taken the strongest position against China's human rights abuses of any country in the world. The United States is the only nation today that has not lifted Tiananmen sanctions against China, which are specifically targeted to human rights issues. Dialogue with the Chinese on human rights has produced tangible results; more needs to be accomplished. The United States will not lift its Tiananmen-related sanctions until the Chinese make substantial progress in protecting basic human rights.

The United States-China commercial relationship has encouraged positive change and helped influence those elements of Chinese society most open to reform. To place conditions on MFN would hold the single most powerful instrument for promoting reform hostage to the reactions of hardliners in Beijing.

In this regard, conditional renewal of MFN, with the threat of revocation restricted to state enterprises, is equally unacceptable. It would have an indiscriminate impact on the entire Chinese economy. The state sector is involved in nearly all aspects of China's trade regime. State-owned foreign trade companies are responsible for exporting most of China's exports, including those from joint ventures and private enterprises in the South. Further, it would be virtually impossible to administer selective MFN, enterprise-by-enterprise; it would invite massive fraud and circumvention.

From the Chinese perspective, targeting the rescission of MFN to state enterprises would make no difference. These proposals are very likely to result in retaliation, jeopardizing a significant portion of an estimated \$8 billion U.S. export market in 1992 with no identifiable gain. Such retaliation also would injure U.S. farmers, whose agricultural exports would be boycotted, and consumers, particularly the least affluent, who rely on U.S. import of China's low cost goods. Finally, U.S. businesses with joint venture and other operations in China would suffer significant economic losses.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 30, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 11 - Revenue Act of 1992
(Rostenkowski (D) Illinois and 31 others)

If H.R. 11 were presented to the President in its current form, the Secretary of the Treasury and the Secretary of Housing and Urban Development would recommend a veto.

The Administration will continue to work with Congress to develop mutually acceptable language that provides stronger incentives for enterprise zones and additional support for the Weed and Seed program.

Enterprise Zones

The Administration remains deeply committed to addressing the problems that have plagued America's urban centers. The President has put forward a comprehensive six-part agenda to attack the conditions that impede growth and opportunity. One element of this agenda is an enterprise zone proposal to revitalize poverty-stricken urban and rural areas in our country.

To be successful, any enterprise zone program must meet two requirements that are the cornerstones of the Administration's plan. First, tax incentives, particularly elimination of the tax on capital gains, must be provided. These incentives must encourage local entrepreneurship, the provision of goods and services to the local community, and the creation of local employment. Second, the selection of zones must be based on objective criteria, rather than bureaucratic or political decisions.

The enterprise zone proposal included in H.R. 11 fails to satisfy either of these requirements for a successful program. H.R. 11 fails to provide any type of capital gains exclusion for zone entrepreneurs. Equally important, H.R. 11 requires HUD or the Department of Agriculture to select zones from among hundreds of qualifying areas without establishing objective criteria on which to base these decisions. In addition, H.R. 11 provides a very poorly-targeted wage incentive to employers, who would be allowed a wage credit with respect to employees who could be making over \$100,000 per year.

Other Provisions

The Administration supports the extension of certain expiring tax provisions, the repeal of the luxury tax provisions, and the provisions of H.R. 11 relating to intangible assets. The Administration also supports the tax simplification provisions of H.R. 11. Certain modifications, however, may be necessary to fully realize overall simplification objectives.

While H.R. 11 makes various expiring provisions permanent, it only extends the tax credit for research and development by 18 months and the 25 percent health insurance deduction for self-employed persons for 6 months. The President's FY 1993 Budget contained a permanent extension of the research and development credit. The Administration also transmitted legislation, as part of the President's comprehensive health care proposals, to increase the deduction for health insurance expenses for the self-employed from 25 percent to 100 percent, and to make it permanent.

The Administration has long supported taxpayers' rights and supports many of the proposals contained in the "Taxpayer Bill of Rights" title of H.R. 11. However, the Administration is strongly opposed to certain provisions in that title which would result in a loss of revenue and in counterproductive policies. The Administration also opposes a change in the estate tax rate, a cap on moving expenses, and the repeal of the deduction for club dues.

H.R. 11 is also unacceptable because of the provision permanently diverting General Fund revenues to the Railroad Retirement account. The diversion sets a dangerous precedent for other industry pension plans that may seek Federal taxpayer support in the future. The income tax transfer substitutes for pension contributions from the rail sector. The Administration also opposes unfunded mandates on States, such as those concerning student earnings and step-parents, that increase both State and Federal welfare costs without appropriate offsets. In addition, the Administration opposes the enhanced Federal match for the JOBS program, which would increase Federal costs while weakening State investment and commitment to the program.

Finally, the Administration also opposes H.R. 11 because it fails to meet the Budget Enforcement Act pay-as-you-go requirements. The bill's revenue losses are not fully offset for purposes of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The bill could, therefore, result in a sequester of Medicare, farm payments, and other sequestrable mandatory programs.

Pay-As-You-Go Scoring

H.R. 11 affects receipts and outlays; therefore it is subject to the pay-as-you-go requirement of OBRA. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, any such point of order that applies against H.R. 11 is waived, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 11 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

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ESTIMATES FOR PAY-AS-YOU-GO
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-97</u>
Receipts	-1922	62	-2673	-2849	-2366	5457	-4291
Outlays	61	469	403	129	138	237	1437
Net Deficit Increase(+) or Decrease(-)	+1983	+407	+3076	+2978	+2504	-5220	+5728

*
Estimate prepared prior to availability of bill or committee report.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 31, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 11 - Revenue Act of 1992
(Rostenkowski (D) Illinois and 31 others)

The President's senior advisers will recommend that he veto H.R. 11 if the enterprise zone provisions do not contain sufficiently strong measures to attract job creating investments in the zones; those measures must include capital gains tax incentives. In addition, if H.R. 11 were presented to the President without acceptable pay-as-you-go offsets, his senior advisers would recommend a veto because its revenue losses are not fully offset for purposes of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

The President's FY 1993 Budget contained a responsible, balanced economic growth program which would create jobs, generate long-term economic growth, and promote health, education, savings, and home ownership. The plan would encourage investment and enhance real estate values.

The Administration is encouraged that H.R. 11, as reported by the Senate Finance Committee, contains many of the proposals set forth in the President's FY 1993 Budget (and prior Budgets), and includes six of the seven measures that the President requested in his program for long-term economic growth. However, the Administration is deeply concerned that the legislation: 1) contains an inadequate and deficient enterprise zone proposal; 2) does not reduce the tax on capital gains; and 3) makes permanent the extension of the personal exemption phaseout and the itemized deduction limitation.

In addition, the child welfare social services provisions of H.R. 11 create a new entitlement. The provisions encumber States, reduce their flexibility, interfere with State family law, and do not address rapidly escalating administrative costs. Administrative costs for these social services have increased 2000 percent since 1981. The Administration sought a single grant for States to administer child welfare services at a resource level of \$1.3 billion.

The Administration will continue to work with Congress to pass legislation which will provide strong incentives for enterprise zones and promote long-term economic growth.

Pay-As-You-Go Scoring

H.R. 11 affects receipts and outlays; therefore it is subject to the pay-as-you-go requirement of OBRA. Preliminary estimates indicate that the provisions increasing receipts are insufficient to provide year-by-year offsets, as required by OBRA. Final estimates are still under development.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 19, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 776 - Comprehensive National Energy Policy Act
(Sharp (D) Indiana and 5 others)

The Administration strongly supports the enactment of comprehensive national energy legislation that will implement the Administration's National Energy Strategy of February 20, 1991, and provide for economic growth, increased energy security, and environmental protection. Such legislation should encourage increased energy efficiency; reform unnecessary regulation of electricity generation, natural gas and nuclear power; increase the use of alternative fuels; provide for environmentally responsible development of additional domestic energy sources; and allow sustained economic growth. The Administration has proposed, and the Senate has adopted, legislation that would achieve this critical balance.

In his letter of April 20, 1992, the President encouraged the House of Representatives to follow the Senate's lead and pass balanced energy legislation. The letter also identified certain provisions which would not be acceptable: the imposition of new taxes; the imposition of inflexible and burdensome regulatory review procedures; provisions that would effectively prevent the construction and relicensing of nuclear power plants; restrictions on oil and gas development on the Outer Continental Shelf; mandating market shares for certain fuels; and limiting economic growth by mandating targets and timetables for greenhouse gas emission levels. If these provisions were adopted, the President's senior advisers would recommend a veto.

H.R. 776, as reported by the House Energy and Commerce Committee and amended by the Committee on Ways and Means, provides a good bipartisan basis for the development of an acceptable bill in conference. In particular, the Administration strongly supports the Ways and Means Committee amendments to provide relief from the alternative minimum tax for independent oil and gas producers and to strike the proposed in-kind tax on petroleum for the strategic petroleum reserve.

The Administration strongly opposes several provisions of H.R. 776, as well as amendments which have been added by other Committees; some of which would meet the criteria set by the President as being unacceptable. If these provisions are not dropped from the legislation or substantially modified, the

President's senior advisers would recommend a veto. Examples of such provisions, listed by Committee, include:

Interior Committee

- o Nuclear Power: Increases regulatory and judicial burdens and delays without providing for any additional safety or increasing effective public participation in the regulatory process. These provisions, in effect, would preclude new nuclear powerplants and would hinder efforts to renew the licenses of the safe plants that currently produce about twenty percent of our Nation's electricity. Instead, the Administration would strongly support an amendment to streamline the nuclear licensing process, consistent with the objective of ensuring adequate safety.
- o Radiation Standards: Authorizes States to supersede Nuclear Regulatory Commission (NRC) regulations. These provisions are unnecessary and could result in burdensome State regulation of civilian nuclear activities, including medical, scientific, and energy activities, without apparent benefit.
- o Administrative Review of Regulations: Requires, among other things, the Office of Management and Budget, the Council on Competitiveness or other bodies given authority to review regulations under E.O. 12291 related authorities granted by H.R. 776 to: (1) maintain a public file of all written material concerning a regulation issued or revised and (2) a descriptive summary of all meetings and all other communications including oral communications with persons who are not employees of the Federal Government. This provision would encroach upon the President's constitutional authority to protect the confidentiality of deliberations within the Executive branch.
- o Outer Continental Shelf (OCS): Imposes oil and gas leasing moratoria on over 500 million acres of the OCS until after January 1, 2002. The President's 1990 OCS plan has already identified and precluded leasing on environmentally sensitive coastal waters. These expanded congressional moratoria would more than double the President's proposal and could further retard U.S. oil and gas production and reduce jobs in the vital oil and gas sector. Moreover, the Committee provision requires the cancellation and buyback of 23 existing leases in the North Aleutian Basin (Alaska). This buyback is not based on any

legal or environmental evaluation and will cost approximately \$200 million in FY 1996. (Similar, seriously objectionable provisions (1) establishing Congressional leasing moratoria, and (2) authorizing OCS buybacks covering Alaska, North Carolina, and Florida are contained in the Merchant Marine and Fisheries reported bill. These buyback provisions have estimated maximum costs exceeding \$2 billion.)

- o Abandoned Mine Reclamation Fund: Redirects fee revenues paid into a fund to reclaim abandoned mine lands to bailout a private, insolvent retiree benefit fund. This provision sets an unacceptably bad precedent because it attempts to divert existing coal industry fees from their intended purpose to finance privately negotiated benefits.

Energy and Commerce Committee

- o SPR Oil Tax: Requires importers and first purchase refiners of domestic crude and natural gas liquids to provide in-kind or cash payments to achieve a one billion barrel SPR. This "tax" will burden domestic producers of oil and natural gas liquids, raise prices to consumers, and require a new large, costly bureaucracy to administer.
- o Refined Product Reserve: Requires a 50 million barrel reserve of refined petroleum products in the Northeast which is unnecessary because SPR oil is easily accessible to Northeast markets. A regional reserve would be costly and displace stock now held by the private sector.
- o Expanded SPR Drawdown Authority: Expands SPR drawdown authority to include mitigation of petroleum price increases. This provision could short circuit market signals and aggravate petroleum market disruptions, lead to burdensome and counterproductive government intervention in oil markets, and leave insufficient supplies of oil to address a truly substantial oil market disruption. Adequate authority now exists to draw down the SPR if a supply shortfall is imminent.

Constitutional Concerns

In addition to the objections noted above, the Department of Justice advises that H.R. 776, and the proposed amendments contain a number of provisions which raise constitutional concerns. The Administration will work to resolve these issues in conference.

Scoring for Purposes of Pay-As-You-Go

Several provisions of H.R. 776 would increase direct spending or reduce receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. A budget point of order applies in both the House and the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 776, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates for a position of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 776 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress. The scoring is not complete because estimates of the Ways and Means provisions are not yet available.

The Administration strongly opposes several other provisions as they appear either in the Energy and Commerce Committee version of H.R. 776 or in amendments adopted by other Committees. If a sufficient number of these items are not addressed, the President's senior advisers may recommend a veto. These items are discussed in the attachment.

Estimates for Pay-As-You-Go
(dollars in millions)

<u>Outlays</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Energy Cte.						
Uranium Enrichment (UR) (Title IX)	-36	-36	-36	-36	-36	-180
UR/Envir. & Health (Title XI)	-500	-520	-541	-562	-585	-2707
Title XIV (SPR) ^{1/}						
Oil Acquisition	+291 -	+301 -	+310 -	+321 -	+321 -	+1544 -
	+1162	+1202	+1241	+1284	+1284	+6173
Facilities Fee (Offsetting Collections)	-224	-230	-230	-530	-1654	-2868
Science Cte.						
Uranium Enrichment (Title IX)	-336	-348	-361	-373	-387	-1805
Interior Cte.						
Nuclear Waste Fees (Title III)	311	252	422	473	494	1952
Uranium Enrichment (Title IV)	-536	-556	-577	-598	-651	-2887
OCS (Title VI)	--	5	5	--	10	20
Alaska Resources (Title VII)	--	--	--	200	--	200
Coal Oil and Gas (Title VIII)	--	50	50	50	50	200
Merchant Marine Cte.						
OCS (Title XX Subtitle B)	--	5	5	--	10	20
Ways and Means Cte.						

^{1/} The provisions in Title XIV regarding Strategic Petroleum Reserve oil acquisition are ambiguous and could be interpreted in several ways, including as a legislative taking or as a new tax. Under the Budget Enforcement Act, a legislative taking would be scored as an increase in direct spending, requiring PAYGO offsets, while a new tax and spend requirement would be scored on the basis of its effect on net outlays. In addition, the bill also contains language that could be interpreted in a manner that would result in scoring this provision as discretionary spending. However, the language in title XIV is extremely ambiguous, and the Office of Management and Budget has not reached a final conclusion on scoring.

ATTACHMENT

The following are further examples of objectionable provisions offered by various Committees in the context of H.R. 776. If a sufficient number of these provisions are not addressed, the President's senior advisers may recommend a veto of the bill.

Interior Committee

- o Prince William Sound/Gulf of Alaska Restoration: Overturns last year's carefully crafted court agreement on the Exxon Valdez settlement. Prior to completion of joint Federal/State restoration planning required by the court agreement, the provision would earmark funding for potentially unneeded acquisition of lands into the Federal inventory. The State of Alaska is adamantly opposed to this provision.
- o Hydroelectric Power: Severely limits development and retention of electricity generation from a domestic renewable resource.
- o Plutonium Transport: Prohibits vessels transporting plutonium from entry into U.S. ports or navigable waters, unless the NRC certifies the plutonium containers. This provision violates the right of innocent passage under the U.S.-Japan Agreement for Peaceful Nuclear Cooperation and imposes safety criteria more stringent than existing international and domestic standards.

Energy and Commerce Committee

- o Uranium Enrichment D&D Fee: This provision is premature, and could be inequitable to both utility ratepayers and the general taxpayers. The ultimate responsibility for D&D costs should be determined by the Secretary of Energy following the completion of further study of the cost allocation issue.
- o Mandatory Utility Planning: Sets new federal utility rate standards with respect to "least cost planning" and inclusion of "externalities" in the calculation of rates under these plans. There are significant measurement problems and no generally accepted methods of quantifying "externalities" or for "internalizing" them in utility rates. Creating a federal standard before credible methods are available to identify and to assess the costs and benefits associated with the use of particular energy technologies will only distort the energy market.
- o Self-Dealing: Prohibits the sale of power by an independent power producer to a parent or affiliate which will limit competition and thereby increase energy costs to consumers.

- o Electricity Transmission: Limits FERC's ability to initiate more efficient regulation of electric transmission by (1) requiring that a utility file an open-access transmission tariff before it can receive market-based pricing for electric power or FERC approval for a merger or consolidation (thereby incorrectly assuming that transmission ownership always confers market power); (2) requiring FERC to set rates for transmission access that do not necessarily allow for the recovery of all appropriate costs; and (3) requiring FERC to order open access transmission when only one of five criteria are met, even if there exists a more effective or less burdensome alternative.
- o Alternative Fuels: Requires that 50% of alternative fuels for the federal fleet be derived from domestic feedstocks and specifies that reformulated gasoline is not to be considered an alternative fuel. These provisions would create a far less cost-effective alternative fuels program than that proposed by the Administration, with no additional environmental benefits.

Merchant Marine Committee

- o Global Climate Change Fund: Redirects OCS oil and gas leasing revenues away from existing statutory U.S. resource conservation and preservation purposes to unspecified global climate change programs to be established by international treaties.

Ways and Means Committee

- o Uranium Enrichment Fee: This is a premature allocation of a multi-billion dollar liability between taxpayers and commercial generators of nuclear power. DOE is currently reviewing estimates of D&D costs of up to \$20 billion, and the cost allocation between the government and private industry has not yet been set.

Government Operations Committee

- o Energy Conservation Revolving Fund: Establishes a central Federal revolving fund to which most agencies would be required to transfer funds for energy efficiency investments. This provision would discourage Federal agencies from making their own investments and could actually slow down agency conservation activities. In addition, the requirement that agencies transfer an amount equal to at least ten percent of their facilities' energy costs implies Federal expenditures of more than \$400 million per year. Such an amount is likely to exceed the investment requirements or capabilities of Federal agencies in the coming years.

Science, Space and Technology Committee

- o Energy Technology Research and Development (R&D): Authorizes some \$19 billion over five years (FYs 1993-1997) for expanded energy technology R&D programs. While many of these technology R&D needs were identified in the National Energy Strategy, the provisions of this title are not fiscally responsible, are overly prescriptive, and do not allow adequate flexibility to prioritize R&D activities within overall Federal budget constraints.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 20, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 776 - Comprehensive National Energy Policy Act (Sharp (D) Indiana and 5 others)

The Administration strongly supports the enactment of comprehensive national energy legislation that will implement the Administration's National Energy Strategy of February 20, 1991, and provide for economic growth, increased energy security, and environmental protection. Such legislation should encourage increased energy efficiency; reform unnecessary regulation of electricity generation, natural gas and nuclear power; increase the use of alternative fuels; provide for environmentally responsible development of additional domestic energy sources; and allow sustained economic growth. The Administration has proposed, and the Senate has adopted, legislation that would achieve this critical balance.

In his letter of April 20, 1992, the President encouraged the House of Representatives to follow the Senate's lead and pass balanced energy legislation. The letter also identified certain provisions which would not be acceptable: the imposition of new taxes; the imposition of inflexible and burdensome regulatory review procedures; provisions that would effectively prevent the construction and relicensing of nuclear power plants; restrictions on oil and gas development on the Outer Continental Shelf; mandating market shares for certain fuels; and limiting economic growth by mandating targets and timetables for greenhouse gas emission levels. If these provisions were adopted, the President's senior advisers would recommend a veto.

H.R. 776, as reported by the House Energy and Commerce Committee and amended by the Committee on Ways and Means, provides a good bipartisan basis for the development of an acceptable bill in conference. In particular, the Administration strongly supports the Ways and Means Committee amendments to provide relief from the alternative minimum tax for independent oil and gas producers and to strike the proposed in-kind tax on petroleum for the strategic petroleum reserve.

The Administration strongly supports the Barton-Clement nuclear licensing amendment. This amendment would allow safe, completed nuclear plants to operate without undue delay, while ensuring fair and direct access by the public in the licensing process. The Administration strongly opposes the Jontz amendment that

would establish a new regulatory program that would mandate the composition of octane enhancers in gasoline. This provision would create a major new Federal regulatory program that will increase the cost of motor fuels, with no commensurable improvement in energy security or air quality. The Administration also strongly supports the Dingell amendment relating to site characterization at Yucca Mountain. The amendment would ensure the Department of Energy's ability to expeditiously carry out its statutory mandate to determine the suitability of Yucca Mountain for the disposal of high level radioactive waste and spent nuclear fuel. The Administration may have additional views after the second rule becomes available.

The Administration strongly opposes several provisions of H.R. 776, as well as other provisions which have been reported by other Committees; some of which would meet the criteria set by the President as being unacceptable. If these provisions are not dropped from the legislation or substantially modified, the President's senior advisers would recommend a veto. Examples of such provisions, listed by Committee, include:

Interior Committee

- o Nuclear Power: Increases regulatory and judicial burdens and delays without providing for any additional safety or increasing effective public participation in the regulatory process. These provisions, in effect, would preclude new nuclear powerplants and would hinder efforts to renew the licenses of the safe plants that currently produce about twenty percent of our Nation's electricity. Instead, the Administration strongly supports the Barton-Clement amendment to streamline the nuclear licensing process, consistent with the objective of ensuring adequate safety.
- o Radiation Standards: Authorizes States to supersede Nuclear Regulatory Commission (NRC) regulations. These provisions are unnecessary and could result in burdensome State regulation of civilian nuclear activities, including medical, scientific, and energy activities, without apparent benefit.
- o Administrative Review of Regulations: Requires, among other things, the Office of Management and Budget, the Council on Competitiveness or other bodies given authority to review regulations under E.O. 12291 related authorities granted by H.R. 776 to: (1) maintain a public file of all written material concerning a regulation issued or revised and (2) a descriptive summary of all meetings and all other communications including oral communications

with persons who are not employees of the Federal Government. This provision would encroach upon the President's constitutional authority to protect the confidentiality of deliberations within the Executive branch.

- o Outer Continental Shelf (OCS): Imposes oil and gas leasing moratoria on over 500 million acres of the OCS until after January 1, 2002. The President's 1990 OCS plan has already identified and precluded leasing on environmentally sensitive coastal waters. These expanded congressional moratoria would more than double the President's proposal and could further retard U.S. oil and gas production and reduce jobs in the vital oil and gas sector. Moreover, the Committee provision requires the cancellation and buyback of 23 existing leases in the North Aleutian Basin (Alaska). This buyback is not based on any legal or environmental evaluation and will cost approximately \$200 million in FY 1996. (Similar, seriously objectionable provisions (1) establishing Congressional leasing moratoria, and (2) authorizing OCS buybacks covering Alaska, North Carolina, and Florida are contained in the Merchant Marine and Fisheries reported bill. These buyback provisions have estimated maximum costs exceeding \$2 billion.)
- o Abandoned Mine Reclamation Fund: Redirects fee revenues paid into a fund to reclaim abandoned mine lands to bailout a private, insolvent retiree benefit fund. This provision sets an unacceptably bad precedent because it attempts to divert existing coal industry fees from their intended purpose to finance privately negotiated benefits.

Energy and Commerce Committee

- o SPR Oil Tax: Requires importers and first purchase refiners of domestic crude and natural gas liquids to provide in-kind or cash payments to achieve a one billion barrel SPR. This "tax" will burden domestic producers of oil and natural gas liquids, raise prices to consumers, and require a new large, costly bureaucracy to administer.
- o Refined Product Reserve: Requires a 50 million barrel reserve of refined petroleum products in the Northeast which is unnecessary because SPR oil is easily accessible to Northeast markets. A regional reserve would be costly and displace stock now held by the private sector.

- o Expanded SPR Drawdown Authority: Expands SPR drawdown authority to include mitigation of petroleum price increases. This provision could short circuit market signals and aggravate petroleum market disruptions, lead to burdensome and counterproductive government intervention in oil markets, and leave insufficient supplies of oil to address a truly substantial oil market disruption. Adequate authority now exists to draw down the SPR if a supply shortfall is imminent.

Constitutional Concerns

In addition to the objections noted above, the Department of Justice advises that H.R. 776, and the proposed amendments contain a number of provisions which raise constitutional concerns. The Administration will work to resolve these issues in conference.

Scoring for Purposes of Pay-As-You-Go

Several provisions of H.R. 776 would increase direct spending or reduce receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. A budget point of order applies in both the House and the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 776, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates for a position of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 776 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress. The scoring is not complete because estimates of the Ways and Means provisions are not yet available.

The Administration strongly opposes several other provisions as they appear either in the Energy and Commerce Committee version of H.R. 776 or in amendments adopted by other Committees. If a sufficient number of these items are not addressed, the President's senior advisers may recommend a veto. These items are discussed in the attachment.

Estimates for Pay-As-You-Go
(dollars in millions)

<u>Outlays</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Energy Cte.						
Uranium Enrichment (UR) (Title IX)	-36	-36	-36	-36	-36	-180
UR/Envir. & Health (Title XI)	-500	-520	-541	-562	-585	-2707
Title XIV (SPR)^{1/}						
Oil Acquisition	+291 - +1162	+301 - +1202	+310 - +1241	+321 - +1284	+321 - +1284	+1544 - +6173
Facilities Fee (Offsetting Collections)	-224	-230	-230	-530	-1654	-2868
Science Cte.						
Uranium Enrichment (Title IX)	-336	-348	-361	-373	-387	-1805
Interior Cte.						
Nuclear Waste Fees (Title III)	311	252	422	473	494	1952
Uranium Enrichment (Title IV)	-536	-556	-577	-598	-651	-2887
OCS (Title VI)	--	5	5	--	10	20
Alaska Resources (Title VII)	--	--	--	200	--	200
Coal Oil and Gas (Title VIII)	--	50	50	50	50	200
Merchant Marine Cte.						
OCS (Title XX Subtitle B)	--	5	5	--	10	20
Ways and Means Cte.						

^{1/} The provisions in Title XIV regarding Strategic Petroleum Reserve oil acquisition are ambiguous and could be interpreted in several ways, including as a legislative taking or as a new tax. Under the Budget Enforcement Act, a legislative taking would be scored as an increase in direct spending, requiring PAYGO offsets, while a new tax and spend requirement would be scored on the basis of its effect on net outlays. In addition, the bill also contains language that could be interpreted in a manner that would result in scoring this provision as discretionary spending. However, the language in title XIV is extremely ambiguous, and the Office of Management and Budget has not reached a final conclusion on scoring.

* * * * *

ATTACHMENT

The following are further examples of objectionable provisions offered by various Committees in the context of H.R. 776. If a sufficient number of these provisions are not addressed, the President's senior advisers may recommend a veto of the bill.

Interior Committee

- o Prince William Sound/Gulf of Alaska Restoration: Overturns last year's carefully crafted court agreement on the Exxon Valdez settlement. Prior to completion of joint Federal/State restoration planning required by the court agreement, the provision would earmark funding for potentially unneeded acquisition of lands into the Federal inventory. The State of Alaska is adamantly opposed to this provision.
- o Hydroelectric Power: Severely limits development and retention of electricity generation from a domestic renewable resource.
- o Plutonium Transport: Prohibits vessels transporting plutonium from entry into U.S. ports or navigable waters, unless the NRC certifies the plutonium containers. This provision violates the right of innocent passage under the U.S.-Japan Agreement for Peaceful Nuclear Cooperation and imposes safety criteria more stringent than existing international and domestic standards.

Energy and Commerce Committee

- o Uranium Enrichment D&D Fee: This provision is premature, and could be inequitable to both utility ratepayers and the general taxpayers. The ultimate responsibility for D&D costs should be determined by the Secretary of Energy following the completion of further study of the cost allocation issue.
- o Mandatory Utility Planning: Sets new federal utility rate standards with respect to "least cost planning" and inclusion of "externalities" in the calculation of rates under these plans. There are significant measurement problems and no generally accepted methods of quantifying "externalities" or for "internalizing" them in utility rates. Creating a federal standard before credible methods are available to identify and to assess the costs and benefits associated with the use of particular energy technologies will only distort the energy market.
- o Self-Dealing: Prohibits the sale of power by an independent power producer to a parent or affiliate which will limit competition and thereby increase energy costs to consumers.

- o Electricity Transmission: Limits FERC's ability to initiate more efficient regulation of electric transmission by (1) requiring that a utility file an open-access transmission tariff before it can receive market-based pricing for electric power or FERC approval for a merger or consolidation (thereby incorrectly assuming that transmission ownership always confers market power); (2) requiring FERC to set rates for transmission access that do not necessarily allow for the recovery of all appropriate costs; and (3) requiring FERC to order open access transmission when only one of five criteria are met, even if there exists a more effective or less burdensome alternative.
- o Alternative Fuels: Requires that 50% of alternative fuels for the federal fleet be derived from domestic feedstocks and specifies that reformulated gasoline is not to be considered an alternative fuel. These provisions would create a far less cost-effective alternative fuels program than that proposed by the Administration, with no additional environmental benefits.

Merchant Marine Committee

- o Global Climate Change Fund: Redirects OCS oil and gas leasing revenues away from existing statutory U.S. resource conservation and preservation purposes to unspecified global climate change programs to be established by international treaties.

Ways and Means Committee

- o Uranium Enrichment Fee: This is a premature allocation of a multi-billion dollar liability between taxpayers and commercial generators of nuclear power. DOE is currently reviewing estimates of D&D costs of up to \$20 billion, and the cost allocation between the government and private industry has not yet been set.

Government Operations Committee

- o Energy Conservation Revolving Fund: Establishes a central Federal revolving fund to which most agencies would be required to transfer funds for energy efficiency investments. This provision would discourage Federal agencies from making their own investments and could actually slow down agency conservation activities. In addition, the requirement that agencies transfer an amount equal to at least ten percent of their facilities' energy costs implies Federal expenditures of more than \$400 million per year. Such an amount is likely to exceed the investment requirements or capabilities of Federal agencies in the coming years.

Science, Space and Technology Committee

- o Energy Technology Research and Development (R&D): Authorizes some \$19 billion over five years (FYs 1993-1997) for expanded energy technology R&D programs. While many of these technology R&D needs were identified in the National Energy Strategy, the provisions of this title are not fiscally responsible, are overly prescriptive, and do not allow adequate flexibility to prioritize R&D activities within overall Federal budget constraints.



July 23, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 776 - Comprehensive National Energy Policy Act (Sharp (D) Indiana and 5 others)

The Administration strongly supports the prompt enactment of comprehensive national energy legislation to provide for economic growth, increase energy security, and protect the environment. In this regard, the Administration strongly supports the action of the Senate Finance Committee in providing over \$1 billion in alternative minimum tax relief for independent oil and gas producers and not limiting such relief to five years. The Administration also supports making the existing tax exemption for ethanol when blended with gasoline proportional for blends of less than 10% ethanol. This prorationing, will remove an artificial barrier for greater use of ethanol.

The Administration, however, strongly opposes a Senate Finance Committee provision to bail out privately negotiated health benefit plans for United Mine Workers of America (UMWA) retirees and their dependents. This bailout would primarily benefit selected large eastern coal companies by creating a new Government entity financed by an industry-wide tax. The new tax will hurt consumers and all coal workers not covered under the National Bituminous Coal Wage Agreement. This unjustified UMWA bailout is highly objectionable from both an employment and health policy perspective.

If the NES legislation presented to the President contains the UMWA bailout or other objectionable provisions, the President's senior advisers would recommend veto.

Other Administration concerns will be presented to the conferees when they begin their deliberations. Moreover, the Administration strongly opposes the addition of nongermane or contentious amendments to H.R. 776 on the Senate floor, which would impede swift Senate consideration of H.R. 776.

The Administration commends both the Senate Finance Committee on its quick action on H.R. 776 and the Senate for its timely consideration and enactment of balanced energy legislation earlier this session. Swift action by the Senate on H.R. 776 will facilitate conference action on comprehensive energy legislation and expedite its final passage.

Scoring for purposes of Pay-As-You-Go

Several provisions of H.R. 776, as amended by the SFC, would increase direct spending or reduce receipts; therefore, H.R. 776 is subject to the Pay-As-You-Go requirement of the Omnibus Budget Reconciliation Act (OBRA) of 1990. A budget point of order applies in both the House and the Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against H.R. 776, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates for the Senate Finance Committee provisions of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 776 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates of Title XIX for Pay-As-You-Go
(dollars in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Revenues</u>	186	250	138	138	131	25	868
<u>Outlays</u>	263*	269*	270*	273*	275*	276*	1,626*
<u>Net deficit</u>							
<u>increase(+)</u>	+77*	+19*	+132*	+135*	+144*	+251*	+758*
<u>reduction(-)</u>							

* These figures may vary by ± \$20 million.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 17, 1992 (SENT)
(House Rules) and SENT to House on
9/18/92

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 918 - Mineral Exploration and Development Act of 1992
(Rahall (D) WV and 16 others)

If H.R. 918 were presented to the President in its current form, the Secretary of the Interior would recommend a veto.

The Administration has initiated a series of administrative and environmental reforms regarding mining on Federal lands for "hard-rock" minerals, such as gold and silver. These reforms include bonding requirements, cyanide use requirements, and occupancy/trespass guidelines. In addition, a proposal has been included in the President's Budget for the past three years to replace "due diligence" (a requirement that the claimant perform a certain amount of work on the claim) with a \$100 annual fee. This proposal has been adopted by the Congress in the FY 1993 Department of the Interior and Related Agencies Appropriations bill. The Administration believes that these reforms will provide appropriate protection for public lands where hard-rock mining takes place.

Unfortunately, H.R. 918 eliminates the flexibility for Federal land management agencies to respond to changes in the hard-rock mining industry. The bill restricts self-initiation of mineral rights, limits free access across public lands, diminishes the security of private tenure to mineral deposits, and imposes significant regulatory burdens and costs on both the government and the economy. Of major concern, H.R. 918 would:

- Reduce the status of mining claims from a property right to a mere right of use, thereby undermining the security of tenure necessary for private-sector investment in hard-rock mining.
- Force mining claimants to convert their claims within three years or forfeit their valid claims. This may be a compensable taking of private property that could result in a substantial amount of "takings" litigation.

- Establish an extensive regulatory system that imposes a tremendous and unnecessary cost burden on both the government and the economy. This includes dictating detailed reclamation standards without considering the costs of using new technology or the investments in existing technology.
- Require land management agencies to perform unnecessary and extremely expensive reviews of public lands.
- Prevent mineral activities in certain national conservation units without recognizing that mining may be compatible with conservation purposes.
- Lead to many frivolous and expensive citizen lawsuits against the government and the hard-rock mining industry that are aimed solely at delaying or disrupting mining activities.
- Eliminate the discovery of minerals as a basis for issuing new mining claims or contesting inactive ones. This would allow claimants to reserve an area of public lands by merely paying fees without diligently mining.
- Impose an 8 percent royalty on mineral production that substantially increases mining costs, reduces the economic incentive for future mining claims, and will be very difficult to administer.

Scoring for the Purpose of PAYGO

H.R. 918 would increase receipts and direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are under development. If H.R. 918 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.



July 27, 1992 (SENT)
 (House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

(H.R. 1168)

Miscellaneous Tax Measures

This Statement addresses nine tax measures to be considered by the House on July 27th. If any of these bills are presented to the President without acceptable pay-as-you-go offsets (either in the bill or from available balances of acceptable pay-as-you-go offsets), his senior advisors will recommend a veto.

H.R. 5636 - Charitable Remainder Trusts (Gibbons (D) Florida)

The Administration has no objection to enactment of this bill.

H.R. 5636 has a negligible revenue effect.

H.R. 5638 - Principal Residence Loss (Archer (R) Texas)

The Administration supports enactment of H.R. 5638 if it is modified to satisfy the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act (OBRA) of 1990.

Estimates For Pay-As-You-Go (\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Receipts</u>	--	2	20	-10	-10	-9	-7

H.R. 1168 - Flight Training Deductibility (Sundquist (R) Tennessee)

The Administration opposes this bill because it provides retroactive relief to a limited number of taxpayers with respect to matters resolved in the early 1980's.

H.R. 1168 has a negligible revenue effect.

H.R. 5637 - Rehabilitation Credit Modification (Pickle (D) Texas)

The Administration has no objection to enactment of H.R. 5637.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Receipts</u>	--	2	8	9	8	9	36

H.R. 5639 - United Nations Bonds (Rangel (D) New York)

The Administration has no objection to enactment of H.R. 5639.

H.R. 5639 has a negligible revenue effect.

H.R. 5640 - Disaster Relief Simplification (Stark (D) California)

The Administration has no objection to enactment of H.R. 5640.

H.R. 5640 has a negligible revenue effect.

H.R. 5645 - Sponsorship Payments Exclusion (Jenkins (D) Georgia)

The Administration opposes this bill because it does not meet the pay-as-you-go requirement of OBRA and because unrelated business tax (UBIT) issues should be resolved administratively by the IRS.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Receipts</u>	--	2	-40	-89	-209	-263	-598

H.R. 5651 - CIA Pension Benefits (Kennelly (D) Connecticut)

The Administration opposes retroactive extension of benefits to former spouses divorced prior to the inception of the former spouse benefit law. The bill is also not acceptably offset for the pay-as-you-go requirements of OBRA.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Outlays</u>	--	8	8	8	8	8	40

H.R. 5653 - High-Speed Rail Bonds (Coyle (D) Pennsylvania)

The Administration has no objection to the high-speed rail bonds provisions of H.R. 5653, as long as they are publically owned. However, the Administration does not support enactment of H.R. 5653 because the pay-as-you-go offset may impose significant burdens on State and local governments.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Receipts</u>	--	--	10	98	110	118	336

Pay-As-You-Go Scoring

The bills addressed in this Statement affect receipts and direct spending and therefore are subject to the pay-as-you-go requirement of OBRA. The table below includes the estimated total effect of all of these bills. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, any such point of order that applies against one of these bills was waived, the effects of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of these bills are presented below. Final scoring of them may deviate from these estimates. If any of the bills is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
<u>Receipts</u>	--	6	-2	8	-101	-145	-234
<u>Outlays</u>	--	8	8	8	8	8	40
Net Deficit							
Increase (+) or							
Decrease (-)	--	+2	+10	0	+109	+153	+274

* * * * *



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1992 (SENT 7/31/92
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1206 - Pueblo of Isleta Indian Tribe Claims Act (Schiff (R) NM)

H.R. 1206 would confer jurisdiction upon the U.S. Claims Court to hear, determine, and render judgment on any pre-1946 land claims of the Pueblo of Isleta Indian Tribe against the United States. The bill would grant to the Tribe an ad hoc legislative waiver of the statute of limitations. If H.R. 1206 is presented to the President, the Attorney General will recommend that he veto the bill.

In 1951, the Pueblo Isleta Indian Tribe filed aboriginal land claims with the Indian Claims Commission. After a decade of litigation, the Federal courts subsequently ruled against the Tribe. Now, some 40 years after the statute of limitations has run, the Tribe seeks, through passage of this bill, to reopen the issue of its historic lands.

There are no extraordinary circumstances or equities to justify further litigation or the Tribe's claims or an exception to the Administration's policy against ad hoc statute of limitations waivers. Furthermore, a waiver would mean the waste of the considerable judicial and litigation resources that have already been expended in bringing this case to a final resolution.

Pay-As-You-Go Scoring

H.R. 1206 would increase direct spending and is, therefore, subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). No offsets to the direct spending increases are provided in the bill. A budget point of order applies in the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 1206, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the Congressional session.

The U.S. Claims Court will render judgment to determine the liability of the United States to make payment (direct spending). Inasmuch as the Court must also determine the amount of this payment, it is impossible to estimate the amount of direct spending at this time.

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February 20, 1992
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1426 - Lumbee Recognition Act (Rose (D) and 17 others)

The Administration strongly opposes H.R. 1426, because the bill would statutorily acknowledge the Lumbee Tribe of Cheraw Indians (North Carolina) as an Indian tribe. If H.R. 1426 is presented to the President, the Secretary of the Interior will recommend a veto.

In 1978, the Department of the Interior established in regulation a Federal "acknowledgement" process to ensure that all petitions for acknowledgment as an Indian tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian community and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

Federal acknowledgment establishes a perpetual government-to-government relationship between the tribe and the United States and has major political, social, and economic implications for the petitioning tribe and Federal, State, and local governments.

H.R. 1426, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded only federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment. It would also undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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September 28, 1992
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1604 - National Cooperative Production
Amendments of 1991
(Brooks (D) Texas and 3 others)

H.R. 1604 would extend the antitrust treatment now applicable to joint research and development ventures under the National Cooperative Research Act (NCRA) to joint production ventures which are often pro-competitive and efficient. This extension of NCRA treatment would remove unwarranted antitrust uncertainty from such ventures.

However, because of discriminatory conditions in H.R. 1604 that serve no antitrust purpose, the Attorney General, the Secretary of Commerce, the Secretary of the Treasury, the Acting Secretary of State, and the United States Trade Representative would recommend that the bill be vetoed if presented to the President in its current form or in the form of an alternative that does not satisfactorily address the objections presented below.

The Administration urges the House to pass S. 479 as passed by the Senate by a vote of 96-1 on February 27, 1992. S. 479 contains all of the beneficial provisions of H.R. 1604 and omits the objectionable provisions.

H.R. 1604 would deny NCRA coverage to joint ventures with more than 30 percent foreign ownership or whose facilities are not entirely located in the United States or its territories. These conditions would:

- Change fundamentally the nature of antitrust law by imposing additional sanctions on certain joint ventures for no antitrust reason. Instead, treble damages would be assessed for having a non-U.S. manufacturing facility or greater than 30 percent foreign ownership. Such a policy would be unfair and contrary to the way U.S. antitrust laws have historically been applied.
- Undermine the legislation's basic purpose of reducing antitrust uncertainty by inviting extensive litigation over the meaning and application of the conditions.
- Be inconsistent with U.S. national treatment obligations under our Bilateral Investment Treaties; treaties of Friendship, Commerce and Navigation; and other international agreements. They would also sharply

conflict with the joint efforts of the President and the Congress to open up markets to trade and investment without conditions or performance requirements, and could provoke similar differential treatment of U.S. firms abroad.

- Undermine the expected benefits of the legislation by limiting and distorting companies' investment and partnership options. American companies would be deterred from participating in promising ventures where cooperation could be most helpful -- for example, when an essential technology may be available only through a foreign partner or in conjunction with a venture having some operations outside the United States.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 9/30/92)
September 24, 1992
(House Rules) and SENT to
House 10/1/92

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 1637 - Black Lung Benefits Restoration Act
(Murphy (D) PA and 36 others)

If H.R. 1637 were presented to the President, the Secretary of Labor would recommend a veto. The most objectionable provisions of H.R. 1637 would:

- Require the Department of Labor to refund to beneficiaries any interim disability overpayments it has recovered. This would cost the Black Lung Disability Trust Fund, which is now approximately \$3.5 billion in debt, an additional \$30 million.
- Repeal the Department of Labor's existing authority to collect interim disability benefits it pays to black lung survivors whose claims are ultimately disallowed. The Government has fiduciary obligations as administrator of the Black Lung Disability Trust Fund. This requires collection of overpayments from recipients who have the resources to make repayments without undergoing hardship.
- Provide benefit entitlements to survivors of disabled miners, even if the cause of death was unrelated to black lung disease. This would reverse 1981 amendments to limit such benefits to cases where the cause of death was due to occupational respiratory disease. It would also, for the first time, require continued payments after the surviving spouse remarries.
- Expand the circumstances under which fees are payable to claimants' attorneys. No fees should be paid until and unless the individual claims are ultimately found to be meritorious.

These provisions would be costly and violate the pay-as-you-go provisions of the Omnibus Budget Reconciliation Act of 1990 because no offsets are provided.

Scoring for the Purpose of Pay-As-You-Go

H.R. 1637 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). No offsets to the direct spending increases are provided in the bill. A budget point of order applies in the House against any bill that is not fully

offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 1637, enactment of this legislation would add to the end of year pay-as-you-go requirement, which must be met to avoid sequester.

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 1637 were enacted, final OMB scoring estimates would be published five days after enactment as required under OBRA. The cumulative effect of all enacted legislation on the pay-as-you-go requirement will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
Fiscal Years
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Outlays	---	28	15	10	7	7	67

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 6, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2039 - Legal Services Reauthorization Act of 1992
(Frank (D) MA)

The Administration is pleased that Congress is considering the reauthorization of the Legal Services Corporation (LSC). Reauthorization is long overdue. The Administration, however, opposes enactment of H.R. 2039. If H.R. 2039 were presented to the President in its current form, his senior advisers would recommend a veto. The most critical issues relating to H.R. 2039 are discussed below.

- The bill's restrictions on redistricting-related activities only prohibit such activity with respect to a congressional or State legislative district. The Administration supports such restrictions, but believes that all redistricting-related activities at all levels of government must be prohibited. Any new reauthorization legislation that does not prohibit LSC recipients from engaging in any redistricting activities involving legislative, judicial, or other elective districts at all levels of government is unacceptable.
- The bill's restrictions on abortion-related activities are wholly inadequate. The bill fails to incorporate into the authorization statute the restriction that has been in the annual appropriations bill which prohibits the Corporation or any LSC recipient from using LSC funds to participate in any litigation with respect to abortion. Thus, this raises the specter of annual battles in the appropriation process over an issue that should be addressed in the authorization process. Any new reauthorization legislation that does not incorporate current statutory restrictions on LSC recipients on litigation and lobbying activities pertaining to abortion is unacceptable. The Administration supports the amendment to be offered by Representative Gekas, which would ban LSC recipients from engaging in any abortion related activities with any funds, including Interest On Lawyer Trust Accounts (IOLTA) funds.
- The bill does not provide for the establishment of competition in the awarding of grants. Instead, H.R. 2039 calls for a feasibility study on the use of competition. This proposal falls short of what is clearly needed. LSC grantees operate on a presumptive refunding basis. Unless LSC meets the heavy burden of demonstrating that the

recipient violated the law, the grantee automatically receives a new grant each year. This system does not promote excellence among grantees because the incentive is absent to deliver legal services that meet the needs of clients.

The President has long been a strong promoter of pro-competitive, market-oriented solutions for delivering the best products and services to consumers. The delivery of legal services should be no different, and such services should be subject to the power of the marketplace. The beneficiary of these marketplace incentives will be the eligible clients who need services, not necessarily individual legal services lawyers or grantees. Any new reauthorization legislation must establish a genuine system of competition for all grants.

- Accountability is another issue of critical importance. At the present time, there is a concern that Federal dollars are cross-subsidizing federally proscribed activities. Therefore, the Administration supports the amendment to be offered by Representative McCollum, which prohibits LSC recipients from using non-federal funds on federally proscribed activities. The Administration supports the timekeeping provision in H.R. 2039, which provides for appropriate timekeeping measures of accountability, but believes additional provisions addressing accountability issues need to be added.
- The Administration also supports the amendment to be offered by Representative Stenholm, prohibiting the awarding of attorney's fees to LSC grantees because the rationale for awarding attorney's fees is absent under these circumstances. LSC clients do not need assistance paying for attorney's fees because such services are provided for free.
- The bill's restrictions on lobbying activities are wholly inadequate. These provisions would allow legal services attorneys to pursue social causes at the expense of the basic needs of eligible clients. Pursuance of such wide-ranging lobbying activities departs from the LSC's historic purpose of delivering traditional legal services to poor people. Although there may be very limited circumstances in which legislative representations may be legitimate on behalf of an individual client with a specific problem, H.R. 2039 allows activities far beyond these circumstances.
- The bill's restrictions on monitoring prevent LSC from ensuring that recipients are using Federal funds in accordance with relevant regulations and statutes. The bill must provide the Corporation with adequate tools to monitor

recipients and conduct thorough and complete investigations when necessary.

The Legal Services Corporation is a constitutional anomaly whose structure results in serious control and accountability problems. By statute, the Corporation is not an agency or instrumentality of the Federal government, yet it has many of the characteristics of a government agency. The Administration objects to the Corporation's hybrid nature, and believes LSC should be made clearly either a governmental entity accountable to the Executive Branch or a private organization.

The provisions mentioned above are some of the primary areas of interest and concern to the Administration. There are other provisions of the bill that are also problematic. The Administration stands ready to work with Congress to fashion an acceptable LSC reauthorization act.

If these issues are not satisfactorily addressed, the President's senior advisers would recommend a veto.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 12, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2056 - Shipbuilding Trade Reform Act of 1991
(Gibbons (D) Florida and 30 others)

If H.R. 2056 is presented to the President as reported by the House Rules Committee, his senior advisers would recommend a veto.

First and foremost, the scorekeeping language in section 107 is unacceptable. This section contains the CBO scoring language required by House Rule XXI. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to the 1990 Budget Agreement.

Second, this bill requires a listing of subsidized foreign shipyards and a construction certificate (verifying construction in a non-listed shipyard or payback of any subsidy received) for all vessels entering a U.S. port. The bill also amends the antidumping and countervailing duty laws to authorize the imposition of duties on dumped or subsidized sales of commercial vessels. The Administration opposes enactment of these provisions of H.R. 2056 because they:

- could violate U.S. obligations under the General Agreement on Tariffs and Trade (GATT);
- would harm U.S. exporters and importers upon whom the increased cost of shipping will be assessed, and could result in retaliation against U.S. exports; and
- would present administrative and legal difficulties to enforce.

Third, title II of H.R. 2056 provides for a phased repeal of the Coast Guard recreational boating fees and establishment of a new user fee for remote computer access to the Automated Tariff Filing and Information (ATFI) system of the Federal Maritime Commission (FMC). The Administration strongly objects to repeal of recreational boating user fees. We believe it is unfair for general taxpayers to bear the entire cost of Coast Guard services, such as search and rescue, boating safety, and aids to

navigation, that provide substantial benefits to recreational boaters.

Finally, the Administration opposes charging fees for access to ATFI services in the manner provided for in H.R. 2056. This provision would place the FMC in unfair competition with private sector information providers. In addition, by requiring fees to be paid for the resale of government information, this provision is inconsistent with the intent of the Copyright Act. Any person who wishes to provide enhanced information services using ATFI should be able to do so without restriction.

SCORING FOR THE PURPOSE OF PAYGO AND DISCRETIONARY CAPS

H.R. 2056 would affect receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation ACT (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 2056 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (in millions of \$)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts	0.0	0.0	0.0	8.6	11.0	13.6'	33.2

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 28, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2056 - Shipbuilding Trade Reform Act of 1991
(Gibbons (D) Florida and 30 others)

If H.R. 2056 is presented to the President in its current form, his senior advisers would recommend a veto.

First and foremost, the scorekeeping language in section 107 is unacceptable. This section contains the CBO scoring language required by House Rule XXI. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to the 1990 Budget Agreement.

Second, this bill requires a listing of subsidized foreign shipyards and a construction certificate (verifying construction in a non-listed shipyard or payback of any subsidy received) for all vessels entering a U.S. port. The bill also amends the antidumping and countervailing duty laws to authorize the imposition of duties on dumped or subsidized sales of commercial vessels. The Administration opposes enactment of these provisions of H.R. 2056 because they:

- could violate U.S. obligations under the General Agreement on Tariffs and Trade (GATT);
- would harm U.S. exporters and importers upon whom the increased cost of shipping will be assessed, and could result in retaliation against U.S. exports; and
- would present administrative and legal difficulties to enforce.

Third, title II of H.R. 2056 provides for a phased repeal of the Coast Guard recreational boating fees, establishment of a new user fee for remote computer access to the Automated Tariff Filing and Information (ATFI) system of the Federal Maritime Commission (FMC), and establishment of a Strategic Sealift Fund. The Administration strongly objects to repeal of recreational boating user fees. We believe it is unfair for general taxpayers to bear the entire cost of Coast Guard services, such as search

and rescue, boating safety, and aids to navigation, that provide substantial benefits to recreational boaters.

Fourth, the Administration also opposes charging fees for access to ATFI services in the manner provided for in H.R. 2056. This provision would place the FMC in unfair competition with private sector information providers. In addition, by requiring fees to be paid for the resale of government information, this provision is inconsistent with the intent of the Copyright Act. Any person who wishes to provide enhanced information services using ATFI should be able to do so without restriction.

Finally, the Administration strongly opposes the establishment of the Strategic Sealift Fund and the earmarked uses of ATFI revenues deposited in the Fund. These provisions are both unnecessary and inappropriate. Instead, the Administration supports enactment of the recently proposed National Defense Sealift fund that would provide for needed acquisition and operation programs for defense sealift.

SCORING FOR THE PURPOSE OF PAYGO AND DISCRETIONARY CAPS

H.R. 2056 would affect receipts; therefore it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation ACT (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 2056 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (in millions of \$)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts	-3.0	-3.9	-15.4	-20.8	76.1	78.1	111.1

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May 19, 1992 (SENT)
(Conference)

and SENT to Senate 6/2/92

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2507 - National Institutes of Health Reauthorization Act (Waxman (D) CA and Kennedy (D) MA)

The Administration is strongly committed to the biomedical research of the National Institutes of Health (NIH). The Administration urges Congress to enact a simple extension of appropriation authorizations for NIH. The conference agreement on H.R. 2507 is unacceptable. If the conference agreement were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 2507 is objectionable because it would permit federally funded transplantation research involving human subjects to use fetal tissue from induced abortions. Current policy allows federally funded transplantation research to use fetal tissue from spontaneous abortions or tissue derived from the treatment for an ectopic pregnancy. H.R. 2507 would broaden current policy by allowing the use of tissue from induced abortions as well. This has the potential of providing an incentive for abortions, and it could also create a demand cycle, dependent upon maintaining the legality of induced abortions.

The conference agreement also includes authorization levels that are excessive. The total cost of the provisions in H.R. 2507 could exceed the President's Budget by \$3.1 billion.

The Administration has consistently supported major increases in funding for NIH. Since 1989, NIH funding has increased from \$7.1 billion to \$9.4 billion. However, the authorized levels in the conference report do not represent a realistic level of resources that might be available through the appropriations process. Given the difficult financing problems we face as a Nation, it is irresponsible to create expectations for funding at such unsustainable levels.

The conference agreement would dictate to the Secretary of Health and Human Services (HHS) the membership of "ethics boards" used to make decisions regarding the implications of the research conducted by NIH. The Administration believes that this mandate is an unconstitutional encroachment on the President's appointment power under Article II, section 2 of the Constitution. It would confer enormous powers on these panels of private citizens to direct the Federal funding of research, even if that research were not deemed warranted by the Secretary of HHS.

Further, the conference agreement would also allow unwarranted and unwise intrusion into the authority of the Secretary of HHS. The bill is too directive in its effort to expand certain research programs. It would impose activities and a number of advisory committees on NIH that are costly, unnecessary, and duplicate existing efforts in some cases.

If these issues are not satisfactorily resolved, the President's senior advisers will recommend a veto.

Other objectionable provisions contained in the conference agreement would:

- Confer special benefits to a single geographic location by permitting the purchase of up to 300 acres of land for the "establishment of a satellite campus in Maryland."
- Expand the Senior Biomedical Research Service (SBRS) from its current 350 positions to 750 positions. The Administration has not yet been able to evaluate the effectiveness of SBRS in terms of recruitment and retention. Expanding SBRS at this time would be premature.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

March 31, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2507 - National Institutes of Health Reauthorization Act (Kennedy (D) MA and 4 others)

The Administration is strongly committed to the biomedical research of the National Institutes of Health (NIH). The Administration urges Congress to enact a simple extension of appropriation authorizations for NIH. H.R. 2507, as reported by the Senate Labor and Human Resources Committee, is unacceptable. If it were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 2507 is objectionable because it would permit federally funded transplantation research involving human subjects to use fetal tissue from induced abortions. Current policy allows federally funded transplantation research to use fetal tissue from spontaneous abortions or tissue derived from the treatment for an ectopic pregnancy. H.R. 2507 would broaden current policy by allowing the use of tissue from induced abortions as well. This has the potential of providing an incentive for abortions, and it could also create a demand cycle, dependent upon maintaining the legality of induced abortions.

The Administration understands that Senator Hatch will offer a fetal tissue transplantation research substitute amendment, which would create a physician and hospital fetal tissue registry and a fetal tissue bank. This amendment addresses the Administration's objections to the bill's provisions concerning fetal tissue research. Accordingly, the Administration strongly supports Senator Hatch's amendment and urges its enactment.

Other major objectionable provisions of H.R. 2507 would:

- Allow unwarranted and unwise intrusions into the authority of the Secretary of Health and Human Services. The bill is also too directive in its effort to expand certain research programs. It would impose activities and a number of advisory committees on NIH that are costly, unnecessary, and duplicate existing efforts in some cases.
- Dictate to the Secretary of Health and Human Services the membership of the "ethics board" used to make decisions regarding the implications of the research conducted by NIH. The Administration believes that this mandate is unconstitutional as it violates Article II, section 2 of the Constitution.

The Administration understands a number of amendments will be offered, including amendments by Senators Mikulski and Hatfield.

The Administration strongly opposes Senator Mikulski's amendment, which would incorporate the provisions of S. 2285, the National Institutes of Health Revitalization Act. Senator Mikulski's amendment has not been subject to any congressional hearings and would potentially confer special benefits to a single geographic location by permitting the purchase of up to 300 acres of land for the "establishment of a satellite campus in Maryland."

Senator Mikulski's amendment is unacceptable because it intrudes broadly on Executive branch authority to ensure that policies affecting NIH are comparable with other Federal agencies. The amendment would mandate, among other things, a restrictive artificial time-frame (90 days) in which the Secretary of Health and Human Services, the General Services Administration, the Office of Personnel Management, and the Office of Management and Budget must respond to requests from NIH or else "such request[s] shall be considered to be approved."

Other objectionable provisions contained in Senator Mikulski's amendment would authorize (1) an unnecessary revamping of NIH's personnel system that is redundant with recent reforms in the Federal Employee Pay Comparability Act and (2) the renovation or replacement of the Clinical Center, including the authority to accept a transfer of land from the Secretary of the Navy.

The Administration is still reviewing an amendment by Senator Hatfield that would impose restrictions with respect to patenting of certain human tissue, fluid, cell, gene, gene sequence, or animal cell. Prior to Senate floor consideration, the Departments of Commerce and Health and Human Services will transmit letters stating the Administration's views on this amendment.

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June 17, 1992 (SENT 6/18/92)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2637 - Waste Isolation Pilot Plant Land Withdrawal Act
(Kostmayer (D) Pennsylvania and Miller (D) California)

The Administration strongly supports legislation authorizing permanent withdrawal from Federal land laws of property for the Waste Isolation Pilot Plant (WIPP). Three significantly different versions of H.R. 2637 have been reported by the Committees with jurisdiction over the bill. The House Armed Services Committee (HASC) version most closely resembles S. 1671, which has passed the Senate and is strongly supported by the Administration. Accordingly, the Administration supports House passage of the HASC version of H.R. 2637.

The Administration strongly opposes any legislation which would not provide for permanent WIPP land withdrawal or which would unnecessarily delay or impede WIPP's development and operation. Accordingly, if any of the provisions noted below are included in the bill presented to the President, the Secretary of Energy would recommend that he veto it. These provisions would needlessly:

- delay the initiation of the WIPP test phase until certain disposal standards, to be developed by the Environmental Protection Agency, have "taken effect";
- require the enactment of additional legislation before the commencement of disposal activities at the WIPP;
- limit the quantity of the waste that can be emplaced in the WIPP during the test phase to 0.5 percent of total WIPP capacity;
- require the Secretary of the Interior to certify the stability of underground test rooms; and
- assign the Department of the Interior responsibility for the management of the withdrawn lands.

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June 23, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2637 - Waste Isolation Pilot Plant Land Withdrawal Act
(Kostmayer (D) Pennsylvania and Miller (D) California)

The Administration strongly supports legislation authorizing permanent withdrawal from Federal land laws of property for the Waste Isolation Pilot Plant (WIPP). The Administration, however, strongly opposes any legislation which would not provide for permanent WIPP land withdrawal or which would unnecessarily delay or impede initiation of WIPP test program activities.

However, unless the final version of the land withdrawal legislation adequately addresses the objections noted below, the Secretary of Energy would recommend that the President veto it.

Specifically, as made in order for floor consideration by the Rules Committee, H.R. 2637 would needlessly:

- delay the initiation of the WIPP test phase until the Environmental Protection Agency, has, by rule, issued certain disposal standards and approved test phase and waste retrieval plans, within an unreasonable time frame;
 - assign the Department of the Interior responsibility for the management of the withdrawn lands;
 - provide for termination of the land withdrawal if the State of New Mexico "finds" certain remedial plans inadequate;
 - limit the capacity of WIPP and the quantity of waste that can be emplaced in the facility during the test phase to 0.5 percent of total WIPP capacity; and
 - require numerous "certifications" and may inappropriately interject a non-governmental entity into Executive branch deliberations.
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 3, 1992
(House)
(SENT 8/4/92)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2731 - Law Enforcement and Customs Tort Claims
(Frank (D) Massachusetts and 3 others)

If H.R. 2731 were presented to the President in its current form, the Attorney General and the Secretary of the Treasury would recommend a veto. H.R. 2731, particularly section one, would inhibit law enforcement efforts and result in significant budgetary increases.

Section one would allow law suits to be brought against the Federal Government for claims of property damage caused by Customs or other law enforcement officers. Currently, these suits are barred by the "detention of goods" exception to the Federal Tort Claims Act (FTCA). H.R. 2731 would upset the reasonable balance that the FTCA strikes between subjecting the United States to liability and guarding against unwarranted payments from the Judgment Fund.

The Administration opposes section one because it would:

- Lead to more intrusive Customs procedures precisely when the Customs Service is attempting to expedite international commerce. The bill would result in substantial, indirect costs to persons engaged in international commerce, especially costs due to delay and intrusive searches.
- Significantly increase spending in the Judgment Fund, without providing an offset as required by the pay-as-you-go provision of the Omnibus Budget Reconciliation Act of 1990 (OBRA).
- Require basic changes in agency operating procedures -- and a significant increase in personnel and resources -- to guard against unwarranted and fraudulent claims while maintaining current levels of operations.

In addition, section two, which would permit Treasury to settle administratively certain claims for property damage, should be limited to non-commercial claims in Customs cases. Including commercial property would harm Customs' operations by compelling an assessment of the physical condition of all goods and merchandise before inspection. Commercial property already may be protected through marine cargo insurance.

Pay-As-You-Go Scoring

H.R. 2731 would increase direct spending; therefore, it is subject to the pay-as-you-go requirement of OBRA. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 2731, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of the bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 2731 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Outlays	10	10	10	10	10	50

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EXECUTIVE OFFICE OF THE PRESIDENT
 OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

July 21, 1992 (SENT)
 (House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2735 - Miscellaneous Revenue Act of 1992
 (Rostenkowski (D) Illinois and 7 others)

The Administration would not object to enactment of H.R. 2735 if it were ultimately amended to satisfactorily address various policy concerns, including those related to the taxation of telephone cooperatives, and included acceptable pay-as-you-go offsets. However, H.R. 2735 currently fails to meet the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA) because it is not fully offset in each year. Therefore, if the bill is presented to the President in its current form, his senior advisors will recommend a veto.

Pay As-You-Go-Scoring

H.R. 2735 affects receipts and therefore it is subject to the pay-as-you-go requirement of OBRA. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, any such point of order that applies against H.R. 2735 were waived, the effects of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 2735 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

Estimates For Pay-As-You-Go*
 (\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
Receipts	--	-26	14	33	36	36	93

* Estimate prepared prior to availability of bill or committee report.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 4, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 2782 - ERISA Preemption of State Laws
(Berman (D) CA and 165 others)

If H.R. 2782 were presented to the President, the Secretaries of Labor and Health and Human Services would recommend a veto.

H.R. 2782 would greatly restrict the preemption provision of Section 514 of the Employee Retirement Income Security Act of 1974 (ERISA). Under this bill, ERISA would no longer preempt any state laws (1) establishing prevailing wage (and employee benefit) requirements, (2) imposing requirements for apprenticeship and other training programs, or (3) expanding the means multiemployer benefit plans can use to collect contributions.

The effect of this bill would be to subject employee benefit plans to substantial and conflicting burdens on a state-by-state basis, making it more difficult for employers to maintain plans. By discouraging employers from establishing or maintaining employee benefit plans, H.R. 2782 would work to the detriment of employees throughout the Nation.

In addition, the language of H.R. 2782 has been drafted far more broadly than is necessary to achieve its purported objectives. The bill would not only overturn the specific court decisions that prompted the legislation, but it would also allow State regulators license to impose new requirements on employee benefit plans so long as they did so under the guise of apprenticeship standards, prevailing wage laws or collection remedies. This approach would severely undermine ERISA's preemption provision and encourage other interest groups to seek additional exceptions for their concerns.

We understand that an amendment may be offered that would add to H.R. 2782 provisions reflecting the ERISA preemption language in H.R. 1602, as amended, which was reported out by the House Education and Labor Committee. H.R. 1602 would expose employers that sponsor health insurance plans, and providers of health insurance, to excessive and unnecessary damages. Such a change in ERISA preemption would exacerbate the national problem of skyrocketing health care costs, discourage coordinated health care measures, and reduce access to affordable health care. The Administration has already expressed -- and reaffirms -- its strong opposition to H.R. 1602 and any similar provisions.

The issue presented by H.R. 2782 is not one of prevailing wages, apprenticeship training or delinquent contributions. Rather, the issue in this bill is whether Congress should preserve the preemption cornerstone of ERISA in order to maintain, and encourage the future growth of, employee benefit plans.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 29, 1992 (SENT)
(House Rules) and
SENT to House on 4/30/92

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3090 - Family Planning Amendments Act of 1992
(Waxman (D) CA)

H.R. 3090 would require the use of title X family planning dollars for counseling on, and referral for abortion. Since 1988, HHS has had in place regulations prohibiting the use of title X family planning money for such purposes. These regulations have been upheld by the Supreme Court against First Amendment challenge. H.R. 3090 would override these regulations by requiring that title X programs provide abortion counseling and referral. This is totally alien to the mission of the program. As the Administration has made clear in the past, the 1988 regulations are essential to protecting the integrity of title X as a pre-pregnancy family planning program and implementing title X's mandate that "[n]one of the funds appropriated under this title shall be used in programs where abortion is a method of family planning." Therefore, if H.R. 3090 were presented to the President in its current form, his senior advisers would recommend a veto.

Regarding the current regulations, contrary to the concerns that some have expressed, the President has made clear that "[n]othing in these regulations is to prevent a woman from receiving complete medical information about her condition from a physician." The implementation guidance issued by the Department of Health and Human Services is consistent with this directive. It also ensures that pregnant women who seek services from title X-funded projects will be appropriately referred to qualified providers for prenatal care and other social services, including counseling.

In contrast, as noted above, H.R. 3090's requirement that title X programs provide abortion counseling and referral is totally alien to the mission of the program. Moreover, it would compel all grantees to provide abortion counseling regardless of their moral or religious convictions. Finally, it would continue the practice that preceded the current regulations of minors being counseled and referred for abortions without any parental notification.

The Administration strongly supports family planning. It urges the House to act on the Administration's draft legislation transmitted to Congress on February 25, 1991. This alternative legislation would end the long stalemate over reauthorization of this program and make possible the appropriation of additional funds for title X called for in the President's FY 1993 Budget.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 29, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3281 - National Air and Space Museum Expansion
Site Selection Act of 1991
(Skaggs (D) CO and 42 cosponsors)

The Secretary of the Smithsonian Institution would recommend a veto of H.R. 3281 if it were presented to the President in its current form.

H.R. 3281 interferes with the authority and autonomy of the Smithsonian's Board of Regents and duplicates a site selection process the Board has already completed. The General Accounting Office has stated that the Board complied with generally accepted business practices in making its selection.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 25, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3553 - Higher Education Act Amendments (Ford (D) MI and 64 others)

The Administration strongly supports reauthorization of the Higher Education Act and submitted its proposals to Congress in June 1991. These proposals would significantly increase financial support for all eligible students, with increased aid targeted particularly to low- and middle-income students. They also would: (1) improve the fiscal integrity of the student loan guarantee programs; (2) restructure and make more effective programs that help disadvantaged youth go to college and graduate; and (3) provide, for the first time, scholarships for low-income students who excel in their educational endeavors.

In contrast, H.R. 3553, as modified to incorporate the text of H.R. 4471, would (1) shift student aid to focus more assistance on those least in need; (2) provide unrealistic authorization levels that will create false expectations for students; (3) compound the administrative problems facing the Department of Education; (4) create a poorly structured direct student loan program; and (5) violate the pay-as-you-go provisions of the Budget Enforcement Act, unless the origination fee provision printed in the Committee report accompanying the rule is included. The Administration would oppose the phaseout of current origination fees. Therefore, the Administration opposes enactment of H.R. 3553 in its current form. If the bill were presented to the President, his senior advisers would recommend a veto.

In particular, the Administration strongly objects to provisions that would:

- o Change Pell Grant eligibility and determine award sizes in ways that would give excessive aid to the wealthiest students.
- H.R. 3553 would significantly increase Pell Grant funding for students from high-income families. In particular, the total amount of Pell Grant awards to families with incomes over \$60,000 would grow by almost 1,400 percent, the highest increase of any income category.

- The percentage of total Pell Grant funds targeted on the neediest category of students would drop from 61 percent to 49 percent.
- o Authorize Pell Grants at levels so high -- almost double current funding -- that the appropriators will have no choice but to override the statutory provisions in order to reduce them. In 1993, the program would cost a total of \$10.3 billion, \$4.9 billion more than the current program. The authorizing committee has included unrealistically high funding levels with no financing source. In authorizing such unrealistically high levels, the authorizing committee is effectively requiring the appropriations committees to restructure the program each year.
- o Create an enormous new (\$2.5 - \$3.0 billion over five years) direct loan program that would increase the Federal debt. This new program, misleadingly labeled a "pilot", does not address any important policy issues and would burden the Education Department with yet another administrative problem for more than a decade.
 - There is no evidence that a direct loan program can be run more efficiently than a guaranteed loan program.
 - Prior experience with the Federally Insured Student Loan program demonstrates the difficulty of having the Department of Education run a central loan program.
 - There is no research to show that a new Federal bureaucracy can deliver services more efficiently than 8,000 community banks. If the special allowance payment to banks participating in the Guaranteed Student Loan program is too high, the response should be to lower the special allowance -- not to create a new Federal delivery system.
 - The direct loan program would provide a line of credit and a direct draw on the Federal Treasury to proprietary schools, with default rates averaging 45 percent, that have demonstrated that they are not worthy of public trust.
 - The program would unjustifiably add as much as \$3.0 billion of Federal debt for a high-risk, untested program.
- o Create two redundant "scholarship" programs, one of which includes no real merit-based standards. The Administration prefers the Congressional Achievement Scholarship program that rewards Pell Grant recipients who excel in high school and postsecondary studies.

- o Create a costly, new loan entitlement for all students, regardless of income, that is incorrectly labeled as "unsubsidized". This program is not unsubsidized. In 1993, it would result in \$171 million in Federal outlays -- \$1.4 billion over the next five years -- for special allowance payments to banks and default subsidy coverage primarily for higher-income students.
 - The bill does not increase Stafford loan limits for financially needy students as the Administration's proposal would. The bill instead expands eligibility to those most able to pay for postsecondary costs.
- o Continue the existing fragmented, uncoordinated approach to precollege outreach by reauthorizing the current Upward Bound, Talent Search, Educational Opportunity Centers, and School, College, and University Partnerships programs. In addition, H.R. 3553 would create a new National Liberty Scholarships and Partnerships program, which duplicates current Federal and State outreach and student financial aid programs. The Administration would restructure the programs to improve delivery to students.
- o Violate the pay-as-you-go provisions of the Budget Enforcement Act, unless the origination fee provision printed in the Committee report accompanying the rule is included. Direct spending for the guaranteed student loan and direct loan provisions would increase by \$1.3 billion over six years without adequate offsets.

In addition, the Administration opposes H.R. 3553 because it:

- o Fails to include a "Lifetime Line of Credit" for all Americans for education and job training, with repayments made on a borrower's ability to repay.
- o Includes program integrity provisions that do not go far enough. (See Administration-supported amendments in the Attachment.)
- o Does not require the Student Loan Marketing Association (Sallie Mae) to meet risk-based standards. Congress has made other Government Sponsored Enterprises subject to such standards and should do the same for Sallie Mae.
- o Adds unnecessary programs in international education and community service that are in themselves redundant and duplicate current programs.

- o Continues Federal funding for facilities construction and renovation, which is not an appropriate Federal responsibility.
- o Inappropriately requires negotiated rulemaking for higher education grant programs. Mandating negotiated rulemaking is an unwarranted intrusion on Executive branch regulation promulgation.
- o Does not require schools to contribute a sufficient matching share for the Supplemental Educational Opportunity Grants and Work-Study programs. Participating schools receive substantial benefits from these programs and therefore should be willing to share equally in the program cost.

The Administration would support the amendments to H.R. 3553 that are listed in the Attachment.

Scoring for Purposes of Pay-As-You-Go

The provisions of H.R. 3553 would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Although some offsets are provided in the bill, unless the origination fee provision printed in the Committee report accompanying the rule is included, they will not fully meet the increased costs. A budget point of order applies in both the Senate and House against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 3553, the effect of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of the guaranteed student loan and direct loan provisions are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 3553 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (outlays in millions)

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Total</u>
-266	-10	176	327	460	606	1,293

The above estimates do not include the pay-as-you-go effects of certain provisions because there has been insufficient time to

determine the scoring effects of these provisions. The statutory language is being reviewed and estimates are under development.

Attachment

The Administration strongly supports the following amendments to H.R. 3553:

- Lifetime Line of Credit: to establish a \$25,000 "Lifetime Line of Credit" for all Americans for education and job training, with repayments made on a borrower's ability to repay. (Rep. Petri)
- One Course at a Time: to make Pell Grants and Guaranteed Student Loans available for students studying one course at a time to improve their knowledge and skills. (Rep. Gunderson)
- Need analysis changes and Pell Grant award rules: to determine Pell awards by (1) meeting a higher percent of need for those with the lowest incomes; (2) capping the assessment of home value at three times income; (3) requiring minimum student contributions from only those who can afford it; (4) tightening the independent student definition to reflect more accurately the ability of parents to contribute toward the cost of the student's education; and (5) eliminating the "blank check" discretion of financial aid administrators to adjust Pell awards regardless of the statutory method of determining a student's need.
- Integrity: to (1) eliminate certain schools with high default rates from the Pell Grant program; (2) specify that the Secretary may, consistent with current law, mandate the transfer of defaulted loans to the Department at any time; (3) require accrediting agencies to consider default rates, student complaints, and program reviews; (4) ensure that States play a greater role in ensuring institutional quality by strengthening "triggers" for State oversight; and (5) reduce the trigger for the elimination of high default schools from the Guaranteed Student Loan programs to 25 percent. (Reps. Gordon, Waters, Roukema -- 1,2, and 3; Reps. Roukema, Waters, Gordon -- 4 and 5)
- Minimum Academic Performance: to require students to maintain at least a "C" average or comparable standing, subject to school standards approved by the Secretary, in order to remain eligible for Federal student aid. (Rep. Boehner)
- Program integrity measures: to maintain credit checks for borrowers age 21 and over and confess judgment provisions enacted in the Emergency Unemployment Compensation Act of 1991.

- Accrediting bodies: to prohibit accrediting bodies from applying standards to postsecondary institutions that infringe upon their institutional mission, or religious tenets. (Rep. Henry)
- Pre-college outreach: to replace duplicative, uncoordinated authorities with a program that builds on current successful models and encourages States to make services available for all students who need them.
- Improve Supervision and Regulation of Financial Safety and Soundness of the Student Loan Marketing Association (Sallie Mae): to ensure the financial safety and soundness of Sallie Mae by (1) establishing risk-based capital standards, (2) establishing prompt regulatory action requirements, and (3) providing sufficient regulatory authorities to the safety and soundness regulator (i.e., the agency head) to enforce capital requirements. (Reps. Gradison and Pickle)
- Stafford Loan Limits: to increase Stafford Loan limits for students who have completed one year of study, and delete the "unsubsidized" Stafford loan program in the bill. (Rep. Roukema)
- State Oversight: to require State review of schools with a default rate in excess of 15 percent. (Rep. Kolbe)

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 19, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3553 - Higher Education Act Amendments (Ford (D) MI and 64 others)

The Administration strongly supports reauthorization of the Higher Education Act and submitted its proposals to Congress in June 1991. These proposals would significantly increase financial support for all eligible students, with increased aid targeted particularly to low- and middle-income students. They also would: (1) improve the fiscal integrity of the student loan guarantee programs; (2) restructure and make more effective programs that help disadvantaged youth go to college and graduate; and (3) provide, for the first time, scholarships for low-income students who excel in their educational endeavors.

In contrast, H.R. 3553, as modified to incorporate the text of H.R. 4471, would (1) shift student aid to focus more assistance on those least in need; (2) provide unrealistic authorization levels that will create false expectations for students; (3) compound the administrative problems facing the Department of Education; (4) create a poorly structured direct student loan program; and (5) violate the pay-as-you-go provisions of the Budget Enforcement Act. Therefore, the Administration opposes enactment of H.R. 3553 in its current form. If the bill were presented to the President, his senior advisers would recommend a veto.

In particular, the Administration strongly objects to provisions that would:

- o Change Pell Grant eligibility and determine award sizes in ways that would give excessive aid to the wealthiest students.
- H.R. 3553 would significantly increase Pell Grant funding for students from high-income families. In particular, the total amount of Pell Grant awards to families with incomes over \$60,000 would grow by almost 1,400 percent, the highest increase of any income category.
- The percentage of total Pell Grant funds targeted on the neediest category of students would drop from 61 percent to 49 percent.

- o Authorize Pell Grants at levels so high -- almost double current funding -- that the appropriators will have no choice but to override the statutory provisions in order to reduce them. In 1993, the program would cost a total of \$10.3 billion, \$4.9 billion more than the current program. The authorizing committee has included unrealistically high funding levels with no financing source. In authorizing such unrealistically high levels, the authorizing committee is effectively requiring the appropriations committees to restructure the program each year.
- o Create an enormous new (\$2.5 - \$3.0 billion over five years) direct loan program that would increase the Federal debt. This new program, misleadingly labeled a "pilot", does not address any important policy issues and would burden the Education Department with yet another administrative problem for more than a decade.
 - There is no evidence that a direct loan program can be run more efficiently than a guaranteed loan program.
 - Prior experience with the Federally Insured Student Loan program demonstrates the difficulty of having the Department of Education run a central loan program. There is no research to show that a new Federal bureaucracy can deliver services more efficiently than 8,000 community banks.
 - Administrative costs would total almost as much as the subsidy spending for the new program.
 - The direct loan program would provide a line of credit and a draw on the Federal Treasury to proprietary schools, with default rates averaging 45 percent, that have demonstrated that they are not worthy of public trust.
 - The program would unjustifiably add as much as \$3.0 billion of Federal debt for a high-risk, untested program.
- o Create two redundant "scholarship" programs, one of which includes no real merit-based standards. The Administration prefers the Congressional Achievement Scholarship program that rewards Pell Grant recipients who excel in high school and postsecondary studies.
- o Create a costly, new loan entitlement for all students, regardless of income, that is incorrectly labeled as "unsubsidized". This program is not unsubsidized. In 1993, it would result in \$171 million in Federal outlays -- \$1.4 billion over the next five years -- for special

allowance payments to banks and default subsidy coverage primarily for higher-income students.

-- The bill does not increase Stafford loan limits for financially needy students as the Administration's proposal would. The bill instead expands eligibility to those most able to pay for postsecondary costs.

- o Continue the existing fragmented, uncoordinated approach to precollege outreach by reauthorizing the current Upward Bound, Talent Search, Educational Opportunity Centers, and School, College, and University Partnerships programs. In addition, H.R. 3553 would create a new National Liberty Scholarships and Partnerships program, which duplicates current Federal and State outreach and student financial aid programs. The Administration would restructure the programs to improve delivery to students.
- o Violate the pay-as-you-go provisions of the Budget Enforcement Act by increasing direct spending by \$1.3 billion over six years without providing adequate offsets.

In addition, the Administration opposes H.R. 3553 because it:

- o Includes program integrity provisions that do not go far enough. (See Administration-supported amendments in the Attachment.)
- o Does not require the Student Loan Marketing Association (Sallie Mae) to meet risk-based standards. Congress has made other Government Sponsored Enterprises subject to such standards and should do the same for Sallie Mae.
- o Adds unnecessary programs in international education and community service that duplicate current programs and each other.
- o Continues Federal funding for facilities construction and renovation, which is not an appropriate Federal responsibility.
- o Inappropriately requires negotiated rulemaking.
- o Does not require schools to contribute a sufficient matching share for the Supplemental Educational Opportunity Grants and Work-Study programs. Participating schools receive substantial benefits from these programs and therefore should be willing to share equally in the program cost.

The Administration would support the amendments to H.R. 3553 that are listed in the Attachment.

Scoring for Purposes of Pay-As-You-Go

The provisions of H.R. 3553 would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Although some offsets are provided in the bill, they do not fully meet the increased costs. A budget point of order applies in both the Senate and House against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 3553, the effect of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of the Guaranteed Student Loan provisions are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 3553 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(outlays in millions)

<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Total</u>
-266	-10	176	327	460	606	1,293

The above estimates do not include the pay-as-you-go effects of certain provisions because there has been insufficient time to determine the scoring effects of these provisions. The statutory language is being reviewed and estimates are under development.

Attachment

The Administration would support the following amendments to H.R. 3553:

- Lifelong learning: to make Pell Grants and Guaranteed Student Loans available for students studying one course at a time to support their desire to improve their knowledge and skills.
- Need analysis changes and Pell Grant award rules: to determine Pell awards by (1) meeting a higher percent of need for those with the lowest incomes; (2) capping the assessment of home value at three times income; (3) requiring minimum student contributions from only those who can afford it; (4) tightening the independent student definition to reflect more accurately the ability of parents to contribute toward the cost of the student's education; and (5) eliminating the "blank check" discretion of financial aid administrators to adjust Pell awards regardless of the statutory method of determining a student's need.
- Accountability: to (1) eliminate schools with high default rates from all student aid programs; (2) specify that the Secretary may, consistent with current law, mandate the transfer of defaulted loans to the Department at any time; (3) strengthen financing responsibility standards and bonding requirements; (4) avoid immunizing lenders from student actions based on State consumer protection laws; (5) require States to pay a portion of excessive default costs and back the guaranty agency in the State with the equivalent of full faith and credit assurance; and (6) return to current law regarding the discharge of a student loan in bankruptcy.
- Boehner amendment on minimum academic performance: to require students to maintain at least a "C" average or comparable standing, subject to school standards approved by the Secretary, in order to remain eligible for Federal student aid.
- Program integrity measures: to maintain credit checks for borrowers age 21 and over and confess judgment provisions enacted in the Emergency Unemployment Compensation Act of 1991.
- State reviews: to (1) strengthen criteria by which institutions would be subject to more rigorous State and Federal review; (2) require States to determine and notify the Secretary if State standards are not met at

institutions; and (3) authorize States to charge fees to schools to cover the cost of reviews.

- Accrediting bodies: to enhance program integrity by avoiding inappropriate limits on the Secretary's ability to focus on an accrediting agency's overall reliability as an authority on the quality of training or education provided by postsecondary institutions.
- Pre-college outreach: to replace duplicative, uncoordinated authorities with a program that builds on current successful models and encourages States to make services available for all students who need them.
- Gradison/Pickle amendment to improve supervision and regulation with respect to financial safety and soundness for the Student Loan Marketing Association (Sallie Mae): to ensure the financial safety and soundness of Sallie Mae by (1) establishing risk-based capital standards, (2) establishing prompt regulatory action requirements, and (3) providing sufficient regulatory authorities to the safety and soundness regulator (i.e., the agency head) to enforce capital requirements.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 5, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3603 - Family Preservation Act of 1992
(Downey (D) NY and 52 others)

H.R. 3603 embodies the irresponsible tax and spend policies this Administration has strenuously opposed. It raises taxes, spends more, and does not demand greater accountability from the system that deals with abused and neglected children. Accordingly, if H.R. 3603 were presented to the President in its current form, his senior advisers would recommend a veto.

The bill fails to make needed reforms in that it would:

- Ignore the rapidly escalating cost of administering the foster care program. Administrative and training costs have increased by over 4,000 percent since 1981 from \$30 million to \$1.3 billion. The Administration's proposal provides a mechanism for controlling these costs without decreasing the amount of funding available to States to implement their programs.
- Burden States with new categorical earmarks and reporting requirements. In contrast, the Administration bill would eliminate all categorical requirements for the use of new funds.

In addition, the H.R. 3603 would:

- Interfere unnecessarily with State family law, requiring States to review and revise their own laws and priorities.
- Establish an Advisory Commission on Children and Families that raises significant separation of powers concerns.

The Administration understands that an amendment may be offered on the House floor to include provisions of H.R. 1202, the Mickey Leland Childhood Hunger Relief Act. The Administration opposes this amendment, as it would add substantial increases in the cost of the Food Stamp program and lock in spending priorities for years to come.

In contrast, the President has made clear his commitment to our Nation's children and families through numerous actions, including legislative proposals currently pending in Congress. Administration proposals would create a comprehensive child

welfare services program, strengthen child support enforcement, target child nutrition supplements to the neediest children, and expand funding for Head Start and the Women, Infants, and Children program. Through these and other reforms, the President has presented a strong, responsible agenda to aid American children and families.

The President's comprehensive child welfare services proposal (H.R. 5530) would reduce the regulatory burdens on the States, remove the incentive to "game" the matching system, thus, increasing State revenue without increasing services for children, and redirect expanding administrative costs to their appropriate role -- services for children. Under the Administration proposal, comprehensive child welfare services would grow by \$9 billion over the next five years, in accordance with amounts projected under the Budget Enforcement Act. The substitute that Reps. Johnson and Weldon may offer contains elements of the President's proposal; the Administration urges the Rules Committee to make it in order under the rule.

Pay-As-You-Go Scoring

H.R. 3603 would increase direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 3603 were enacted, final OMB scoring estimates would be published five days after enactment as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go (\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Outlays	819	643	211	770	884	3,327
Receipts	1,000	1,300	1,600	1,800	2,000	7,700
Net Deficit						
Increase (+)/						
Decrease (-)	-181	-657	-1,389	-1,030	-1,116	-4,373
<hr/>						
Outlays from						
Food Stamp						
Amendment	306	631	732	776	1,078	3,523
Net Deficit						
Effect with						
Food Stamp						
Amendment	125	-26	-657	-254	-38	-850

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August 6, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3603 - Family Preservation Act of 1992
(Downey (D) NY and 52 others)

H.R. 3603 embodies the irresponsible tax and spend policies this Administration has strenuously opposed. It raises taxes, spends more, and does not demand greater accountability from the system that deals with abused and neglected children. Accordingly, if H.R. 3603 were presented to the President in its current form, his senior advisers would recommend a veto.

The bill fails to make needed reforms in that it would:

- Ignore the rapidly escalating cost of administering the foster care program. Administrative and training costs have increased by over 4,000 percent since 1981 from \$30 million to \$1.3 billion. The Administration's proposal, H.R. 5530 provides a mechanism for controlling these costs without decreasing the amount of funding available to States to implement their programs.
- Burden States with new categorical earmarks and reporting requirements. In contrast, the Administration bill would eliminate all categorical requirements for the use of new funds.

In addition, the H.R. 3603 would:

- Interfere unnecessarily with State family law, requiring States to review and revise their own laws and priorities.
- Establish an Advisory Commission on Children and Families that raises significant separation of powers concerns.

The Administration understands that an amendment may be offered on the House floor to include provisions of H.R. 1202, the Mickey Leland Childhood Hunger Relief Act. The Administration opposes this amendment, as it would add substantial increases in the cost of the Food Stamp program and lock in spending priorities for years to come.

In contrast, the President has made clear his commitment to our Nation's children and families through numerous actions, including legislative proposals currently pending in Congress. Administration proposals would create a comprehensive child welfare services program, strengthen child support enforcement, target child nutrition supplements to the neediest children, and

expand funding for Head Start and the Women, Infants, and Children program. Through these and other reforms, the President has presented a strong, responsible agenda to aid American children and families.

The President's comprehensive child welfare services proposal H.R. 5530 would reduce the regulatory burdens on the States, remove the incentive to "game" the matching system, and redirect exploding "administrative" costs to their appropriate role -- services for children. Under the Administration proposal, comprehensive child welfare services would grow by \$9 billion over the next five years, in accordance with amounts projected under the Budget Enforcement Act.

The Administration supports the amendment prepared by Representatives Grandy, Johnson, and Weldon to improve child welfare services without raising taxes. The Administration strongly opposes the rule granted for H.R. 3603 because it does not allow this substitute to be considered. The Administration therefore urges the House to defeat the previous question on the rule.

Pay-As-You-Go Scoring

H.R. 3603 would increase direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 3603 were enacted, final OMB scoring estimates would be published five days after enactment as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Outlays	819	643	211	770	884	3,327
Receipts	1,000	1,300	1,600	1,800	2,000	7,700
Net Deficit Increase (+)/ Decrease (-)	-181	-657	-1,389	-1,030	-1,116	-4,373
<hr/>						
Outlays from Food Stamp Provision	306	631	732	811	1,113	3,593
Net Deficit Effect with Food Stamp Provision	125	-26	-657	-219	-3	-780

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 8, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3681 - Democracy Day
(Wyden (D) Oregon and 88 others)

While sharing the concerns of the sponsors of H.R. 3681 about the decline in recent years of participation in national general elections, the Administration opposes enactment of the bill. If H.R. 3681 were presented to the President, the Secretary of Labor and the Director of the Office of Personnel Management would recommend a veto.

The enactment of H.R. 3681 could trigger pressure to turn Democracy Day into a paid Federal holiday, at expense to the taxpayers of over \$300 million per holiday. In addition, enactment of legislation of this kind could set an undesirable precedent, leading to the proliferation of similar "quasi-holidays" for other, equally worthy causes. Moreover, establishing Democracy Day as a legal public holiday could implicate collective bargaining or other work agreements with State and local governments or private employers. This inequitable creation of a new paid holiday even for some non-Federal employees would increase costs to the Nation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 12, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3732 - Budget Process Reform Act
(Conyers (D) Michigan and 94 others)

If H.R. 3732 is presented to the President in its current form, his senior advisers will recommend a veto.

H.R. 3732 seeks to raise the legal cap on domestic discretionary spending by allowing the use of defense resources for this purpose. By so doing, it creates a political incentive to cut defense beyond the 30 percent cut that the President has recommended -- and thereby threatens to put U.S. national security interests at risk.

The President has recommended that defense savings not be used to increase spending. If Congress were to abandon the mutually-agreed discipline of the Budget Enforcement Act (BEA), it could trouble financial markets, cause interest rates to rise, and thus prove counter-productive. That is, it could slow recovery and threaten job-creation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 2/28/92)

February 27, 1992
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3732 - Budget Process Reform Act (Conyers (D) Michigan and 86 others)

If H.R. 3732 were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 3732 seeks to raise the legal cap on domestic discretionary spending by allowing the use of defense resources for this purpose. By so doing, it creates a political incentive to cut defense beyond the 30 percent cut that the President has recommended -- and thereby threatens to put U.S. national security interests at risk.

The President has recommended that defense savings not be used to increase spending. If Congress were to abandon the mutually-agreed discipline of the Budget Enforcement Act (BEA), it could trouble financial markets, cause interest rates to rise, and thus prove counter-productive. That is, it could slow recovery and threaten job-creation.

The Administration urges the Rules Committee to allow Republicans a fair and equal opportunity to amend and debate this bill on the House floor.

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February 26, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3844 - Haitian Refugee Protection Act of 1992
(Mazzoli (D) Kentucky)

The Administration is committed to repatriating only those Haitians who do not demonstrate a well-founded fear of persecution. Specially trained Immigration and Naturalization Service Asylum Corps officers are carefully interviewing Haitians to identify those who might have such a fear of persecution.

However, if H.R. 3844 were presented to the President in its current form or as proposed to be amended by Rep. Conyers, his senior advisers would recommend a veto. The bill:

- Could create a magnet effect, potentially triggering greater numbers of Haitians to leave Haiti in unseaworthy boats, risking their lives on the high seas under the mistaken belief that they will be permitted to stay permanently in the United States.
- Fails to distinguish between Haitians with legitimate claims to asylum and those who do not demonstrate a well-founded fear of persecution, undermining the Administration's asylum adjudications process.
- Bans repatriation of any Haitian nationals, potentially overwhelming the Government's capacity to house and process such a large number of asylum seekers.
- Interferes with the President's constitutional power to conduct foreign affairs and act as Commander in Chief.
- Prescribes how the President should make or alter his determination of annual refugee admission allocations, which would contradict both the letter and the spirit of the Refugee Act of 1980.

The Conyers amendment is even more objectionable than the underlying bill because its open-ended grant of temporary protected status would create an even larger magnet effect. The Conyers amendment is also objectionable for the second and third reasons cited above.

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February 21, 1992
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 3844 - Haitian Refugee Protection Act of 1992 (Mazzoli (D) Kentucky)

The Administration is committed to repatriating only those Haitians who do not demonstrate a well-founded fear of persecution. Specially trained Immigration and Naturalization Service Asylum Corps officers are carefully interviewing Haitians to identify those who might have such a fear of persecution.

However, if H.R. 3844 were presented to the President in its current form, his senior advisers would recommend a veto because it:

- Could encourage Haitians to risk their lives on the high seas by leaving Haiti in unseaworthy boats. Because the bill would lead to uncertainty as to the ultimate immigration status of the Haitians, they will mistakenly believe that they will be permitted to stay in the United States.
- Would potentially overwhelm the Government's capacity to house and process such a large number of asylum seekers.
- Fails to distinguish between Haitians with legitimate claims to asylum and those who do not demonstrate a well-founded fear of persecution.
- Interferes with the President's constitutional power to conduct foreign affairs and act as Commander in Chief.
- Prescribes how the President should make or alter his determination of annual refugee admission allocations, which would contradict both the letter and the spirit of the Refugee Act of 1980.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 22, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4014 - Educational Research, Development, and
Dissemination Excellence Act
(Owens (D) NY and 2 others)

The Administration strongly supports reauthorization of the Department of Education's (ED) Office of Educational Research and Improvement (OERI). The Administration is pleased that a substitute version of H.R. 4014 reportedly being offered by Rep. Owens contains significant improvements to the bill originally reported by the Education and Labor Committee. These improvements are designed to address certain of the Administration's objections to the Committee bill. They reportedly include eliminating restrictions on the use of OERI funds to support the development of content or student performance standards and curricular frameworks; enhancing the authority of the Secretary to appoint members of a proposed Board of Governors (Board); and reducing the inappropriate operational responsibilities of the Board.

The Administration continues to object to several provisions expected to be in the substitute bill, and will work to resolve its concerns in the Senate. The objectionable features in the substitute bill would:

- Restrict the authority of the Secretary to appoint members of the Board. The substitute bill would require the Secretary to appoint seven researchers to the Board from among those nominated by the National Academy of Sciences (NAS). Because of the Board's remaining operational functions, these nomination provisions raise constitutional concerns under the Appointments Clause of the Constitution, Article II, Section 2, Clause 2. The Secretary should not be limited to appointing those nominees submitted by the NAS or any other group.
- Limit the Secretary's ability to direct and manage the research activities of the Department. The bill continues to assign inappropriately certain operational responsibilities to the Board when these responsibilities should best remain with the Secretary. The substitute bill would require the Board to approve OERI's standards for the conduct and evaluation of all research, development, and dissemination activities carried out by OERI.

- Undermine support for a coherent long-term research agenda. H.R. 4014 would inappropriately establish multiple, separate authorizations for research institutes and activities and would prescribe research topics in excessive detail. The Secretary could not devise a rational, national research agenda or strategy.
- Restrict development of student assessments. The bill would impose prescriptive and unworkable requirements on the use of OERI funds for research and development of student assessments.
- Establish a poorly focused, duplicative, and unnecessary Learning Grant Institutions dissemination program. This would be costly and would duplicate OERI's support for dissemination through the National Diffusion Network and the work of the regional laboratories.
- Authorize unnecessary categorical programs. For example, the bill would authorize several new, but unnecessary, categorical programs under the rubric of international education and do so at an excessive authorization level (\$17.5 million).
- Fail to extend the authorization of the State-by-State National Assessment of Educational Progress (NAEP) for 1994. Without this authorization, no additional State-by-State assessments can occur, rendering NAEP results useless for State educational reform efforts.
- Allow racial and gender preferences in the selection of Board members and the award of funds that raise policy and constitutional concerns. H.R. 4014 would require the Secretary to select members of the new Board based on a consideration of "gender, race, and ethnicity."

The above position is based on the Administration's understanding of Rep. Owens' substitute version, although the final text of H.R. 4014 has not been presented for consideration. Consistent with his letter of May 14, 1992, if instead H.R. 4014 as reported by the Committee were presented to the President, the Secretary of Education would recommend that the bill be vetoed.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1992
(House)
(SENT 8/3/92)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4209 - Cherokee, Choctaw, and Chickasaw
Nations of Oklahoma Claims Act of 1992
(Synar (D) OK and 5 others)

If H.R. 4209 is presented to the President, the Attorney General will recommend that he veto the bill.

In 1982, the Cherokee, Choctaw, and Chickasaw Nations of Oklahoma secured special jurisdictional legislation that allowed them to bring otherwise time-barred claims against the United States. These claims stemmed from damages allegedly caused by the construction of the McClellan-Kerr Navigation Project on the Arkansas River. After nearly a decade of litigation, the Federal courts have ruled that the construction of the project created no legal, equitable, or moral basis for damages claims by the Tribes against the United States.

H.R. 4209 would allow the Tribes, notwithstanding the courts' rulings, to collect so-called "damages" in an amount to be determined through further litigation. This bill would extend preferential treatment to the Tribes; result in a substantial, unwarranted, and unjustified gratuity; and stand as a precedent for other tribes to seek similar legislation. Moreover, the bill would mean the waste of the considerable judicial and litigation resources that have already been expended in bringing this case to a final resolution.

There are no extraordinary circumstances or equities to justify further litigation or the Tribes' claims, and the Administration is resolved to eliminate such unnecessary, wasteful litigation.

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February 26, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4210 - Economic Growth Acceleration Act of 1992 (Gephardt (D) MO)

The House will shortly be considering legislation designed to enhance economic growth. The Administration strongly supports enactment by March 20th of the House Republican substitute (H.R. 4200). It will get the economy moving again and create jobs in a manner that is fully paid for under the "pay-as-you-go" terms of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

The Democratic alternative would permanently raise income tax rates for millions of Americans. Further, it contains a provision which abandons budget discipline by simply waiving the requirement that the bill's deficit effects be recorded under the provisions of existing law. The President has said that he will veto the Democratic alternative if it is passed in its current form.

Republican Alternative

The Administration strongly supports enactment by March 20th of the Republican alternative to accelerate economic growth in the short term and lay the foundation for sustained long-term growth. The Republican alternative addresses the immediate challenges facing the economy: it will create jobs, increase the value of real estate and small businesses, and stimulate savings and investment. It is fully paid for with entitlement reforms and satisfies OBRA's pay-as-you-go requirement.

Democratic Alternative

The President will veto the Democratic alternative if it is presented to him in its current form. The Democratic alternative:

- Raises income tax rates substantially and permanently for individuals, and makes future increases a near certainty if the temporary (2-year) tax cut of less than \$1 a day is made permanent. Making this tax cut permanent could require extending the bill's tax increases to individuals making \$35,000 per year and families making \$70,000.
- Increases taxes by more than \$100 billion. Almost two-thirds of all taxpayers facing tax increases will be

the small businessmen and women and entrepreneurs who are the primary source of new jobs.

- Abandons a fundamental part of the Bipartisan Budget Agreement by exempting the bill's deficit increases from OBRA's pay-as-you-go requirement. This exemption is an irresponsible breakdown of budget discipline and sets an extremely adverse precedent. This could have a destabilizing effect on capital markets, driving up interest rates and hampering economic recovery.
- Increases the deficit in FYs 1992 and 1993 by a total of over \$22 billion, and presents the risk of further deficit increases if the temporary tax cuts are made permanent.
- Absent the unprecedented exemption from the pay-as-you-go law described above, causes a sequester of over \$22 billion. (The effects of such a sequester would include massive cuts in 1993 of crop support payments, Social Services Block Grants, certain extended benefits for the unemployed, Family Support Payments to States, the Veterans' Housing Loan Program, and many other important programs. In addition, interest rates for guaranteed student loans would be increased and Medicare payments to physicians and hospitals would be reduced by nearly \$4 billion.)
- Does not provide adequate incentives for short-term job creation and does not generate investment incentives necessary for long-term growth. For example, the bill does not include the President's proposed \$5,000 credit for first-time homebuyers, and its capital gains incentives are inferior to those in H.R. 4200, and would generate far fewer jobs.

The Administration's objections to specific provisions of the Democratic alternative include the following:

- The refundable tax credit based on certain payroll taxes is temporary and does not provide long-term benefits to families. The President has proposed and the Administration has provided to Congress legislation which would provide for a permanent increase in the personal exemption of \$500 per child.
- The capital gains indexation provision is inferior to the capital gains exclusion contained in H.R. 4200. It continues the incentive to hold assets rather than make funds available for new productive investment. It also continues to tax inflationary gains on all existing

assets (including personal residences, family farms, small businesses, and the lifetime savings of senior citizens).

- The capital gains exclusion for small business stocks is far too narrowly targeted and does not provide adequate incentives for broad-based capital formation and job creation.
- Lengthening the depreciable life of real estate would further damage the real estate market.

H.R. 4210 as Introduced

The Administration opposes enactment of H.R. 4210, as introduced by Rep. Gephardt, because it does not satisfy OBRA's pay-as-you-go requirement. H.R. 4210 is a version of H.R. 4150, the President's comprehensive plan for short- and long-term growth, that has been amended to strike the reforms proposed by the Administration to pay for its package. H.R. 4210 represents a selection by the House Majority Leader that not only violates pay-as-you-go, but also fails to address many elements of the Administration's long-term growth agenda.

Pay-As-You-Go Scoring

-- Democratic Alternative

The Democratic alternative would reduce receipts; therefore, it is subject to OBRA's pay-as-you-go requirement. A budget point of order should apply against any bill that is not fully offset in each year.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If the Democratic alternative were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA.

ESTIMATES FOR PAY-AS-YOU-GO* (\$ in billions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts ...	-9.5	-10.5	5.7	11.4	15.0	26.7	39.0
Outlays1	2.1	2.0	-.1	-.2	-.2	3.7
Net deficit increase (+)/ reduction (-)	9.6	12.6	-3.7	-11.6	-15.2	-26.8	-35.3

The above estimates do not include the potential impact on revenues that the Taxpayer Bill of Rights provisions may have. The Department of the Treasury estimates preliminarily that these provisions could reduce revenues by as much as \$1.4 billion in 1993 and \$13.4 billion between 1993 and 1997 because of their impact on IRS operations. These costs have not been scored against this bill at this time, however, because of remaining technical and legal uncertainties still under review.

-- Republican Alternative

As discussed above, the Republican alternative satisfies OBRA's pay-as-you-go requirement. OMB's preliminary scoring estimates of the Republican alternative are presented in the table below.

ESTIMATES FOR PAY-AS-YOU-GO*
(\$ in billions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts ...	-6.0	-.9	1.4	-1.1	-.8	-1.9	-9.4
Outlays	-9.0	-2.5	-2.7	-1.7	-5.4	-5.8	-27.1
Net deficit increase (+)/ reduction (-)	-3.0	-1.6	-4.1	-.6	-4.6	-4.0	-17.7

* Details may not add to totals due to rounding.

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February 25, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4210 - Economic Growth Acceleration Act of 1992 (Gephardt (D) MO)

The House will shortly be considering legislation designed to enhance economic growth. The Administration strongly supports enactment by March 20th of the House Republican substitute (H.R. 4200). It will get the economy moving again and create jobs in a manner that is fully paid for under the "pay-as-you-go" terms of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

H.R. 4287, the Democratic alternative, would permanently raise income tax rates for millions of Americans. Further, it contains a provision which abandons budget discipline by simply waiving the requirement that the bill's deficit effects be recorded under the provisions of existing law. The President has said that he will veto H.R. 4287 if it is passed in its current form.

The Administration urges the Rules Committee to allow Republicans a fair and equal opportunity to amend and debate this bill on the House floor.

Republican Alternative -- H.R. 4200

The Administration strongly supports enactment by March 20th of H.R. 4200 to accelerate economic growth in the short term and lay the foundation for sustained long-term growth. H.R. 4200 addresses the immediate challenges facing the economy: it will create jobs, increase the value of real estate and small businesses, and stimulate savings and investment. It is fully paid for with entitlement reforms and satisfies OBRA's pay-as-you-go requirement.

Democratic Alternative -- H.R. 4287

The President will veto H.R. 4287 if it is presented to him in its current form. The Democratic alternative:

- Raises income tax rates substantially and permanently for individuals, and makes future increases a near certainty if the temporary (2-year) tax cut of less than \$1 a day is made permanent. Making this tax cut permanent could require extending the bill's tax increases to individuals making \$35,000 per year and families making \$70,000.

- Increases taxes by more than \$100 billion. Almost two-thirds of all taxpayers facing tax increases will be the small businessmen and women and entrepreneurs who are the primary source of new jobs.
- Abandons a fundamental part of the Bipartisan Budget Agreement by exempting the bill's deficit increases from OBRA's pay-as-you-go requirement. This exemption is an irresponsible breakdown of budget discipline and sets an extremely adverse precedent. This could have a destabilizing effect on capital markets, driving up interest rates and hampering economic recovery.
- Increases the deficit in FYs 1992 and 1993 by a total of over \$22 billion, and presents the risk of further deficit increases if the temporary tax cuts are made permanent.
- Absent the unprecedented exemption from the pay-as-you-go law described above, causes a sequester of over \$22 billion. (The effects of such a sequester would include virtual elimination in 1993 of crop support payments, Social Services Block Grants, certain extended benefits for the unemployed, Family Support Payments to States, the Veterans' Housing Loan Program, and many other important programs. In addition, interest rates for guaranteed student loans would be increased and Medicare payments to physicians and hospitals would be reduced by nearly \$4 billion.)
- Does not provide adequate incentives for short-term job creation and does not generate investment incentives necessary for long-term growth. For example, the bill does not include the President's proposed \$5,000 credit for first-time homebuyers, and its capital gains incentives are inferior to those in H.R. 4200, and would generate far fewer jobs.

The Administration's objections to specific provisions of the Democratic alternative include the following:

- The refundable tax credit based on certain payroll taxes is temporary and does not provide long-term benefits to families. The President has proposed and the Administration has provided to Congress legislation which would provide for a permanent increase in the personal exemption of \$500 per child.
- The capital gains indexation provision is inferior to the capital gains exclusion contained in H.R. 4200. It continues the incentive to hold assets rather than make

funds available for new productive investment. It also continues to tax inflationary gains on all existing assets (including personal residences, family farms, small businesses, and the lifetime savings of senior citizens).

- The capital gains exclusion for small business stocks is far too narrowly targeted and does not provide adequate incentives for broad-based capital formation and job creation.
- Lengthening the depreciable life of real estate would further damage the real estate market.

H.R. 4210 as Introduced

The Administration opposes enactment of H.R. 4210, as introduced by Rep. Gephardt, because it does not satisfy OBRA's pay-as-you-go requirement. H.R. 4210 is a version of H.R. 4150, the President's comprehensive plan for short- and long-term growth, that has been amended to strike the reforms proposed by the Administration to pay for its package. H.R. 4210 represents a selection by the House Majority Leader that not only violates pay-as-you-go, but also fails to address many elements of the Administration's long-term growth agenda.

Pay-As-You-Go Scoring

-- Democratic Alternative -- H.R. 4287

H.R. 4287 would reduce receipts; therefore, it is subject to OBRA's pay-as-you-go requirement. A budget point of order should apply against any bill that is not fully offset in each year.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 4287 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA.

ESTIMATES FOR PAY-AS-YOU-GO* (\$ in billions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts ...	-9.5	-10.5	5.7	11.4	15.0	26.7	39.0
Outlays1	2.1	2.0	-.1	-.2	-.2	3.7
Net deficit increase (+)/ reduction (-)	9.6	12.6	-3.7	-11.6	-15.2	-26.8	-35.3

The above estimates do not include the potential impact on revenues that the Taxpayer Bill of Rights provisions may have. The Department of the Treasury estimates preliminarily that these provisions could reduce revenues by as much as \$1.4 billion in 1993 and \$13.4 billion between 1993 and 1997 because of their impact on IRS operations. These costs have not been scored against this bill at this time, however, because of remaining technical and legal uncertainties still under review.

-- Republican Alternative -- H.R. 4200

As discussed above, H.R. 4200 satisfies OBRA's pay-as-you-go requirement. OMB's preliminary scoring estimates of H.R. 4200 are presented in the table below.

ESTIMATES FOR PAY-AS-YOU-GO*
(\$ in billions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts ...	-6.0	-.9	1.5	-1.0	-.6	-1.7	-8.8
Outlays	-9.0	-2.5	-2.7	-1.7	-5.4	-5.8	-27.1
Net deficit increase (+)/ reduction (-)	-3.0	-1.6	-4.2	-.7	-4.8	-4.2	-18.3

* Details may not add to totals due to rounding.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 10, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4210 - Tax Fairness and Economic Growth Act of 1992
(Gephardt (D) Missouri)

The Administration strongly supports enactment by March 20th of the President's short-term economic growth proposal. The President's plan addresses the immediate challenges facing the economy: it will create jobs, increase the value of real estate and small businesses, and stimulate savings and investment. It is fully paid for with entitlement reforms and satisfies the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA).

The President will veto H.R. 4210, the Democratic proposal reported by the Finance Committee, if it is presented to him in its current form. The bill would:

- Raise income tax rates substantially and permanently for individuals.
- Increase taxes by more than \$100 billion. More than two-thirds of all taxpayers facing tax increases will be small businessmen and women and entrepreneurs. Small businesses are the primary source of new job creation.
- Fail to provide adequate incentives for short-term job creation or to generate investment incentives necessary for long-term growth.
- Increase the deficit by \$2.2 billion in FY 1992 and \$1.8 billion in FY 1993. Enactment of this bill could trigger a \$4 billion pay-as-you-go sequester on Medicare, FY 1993 crop payments to farmers, Social Services Block Grants, emergency unemployment benefits, Family Support Payments to States, the Veterans' Housing Loan Program, and other entitlement programs. (These estimates do not take into account the provisions identified on page 4 of this statement that have not yet been scored.)

Specifically, the Administration strongly objects to the following provisions of H.R. 4210:

- The first-time homebuyer credit provides benefits to less than 20 percent of first-time homebuyers because the credit is limited to newly constructed residences.
- The capital gains exclusion for small business stock is far too narrowly targeted and does not provide adequate incentives for broad-based capital formation and job creation.
- The capital gains provision would not provide meaningful incentives for entrepreneurial risk-taking. Under the proposal, the sale of a successful investment is penalized by generally taxing the gain at the highest marginal rate because the capital gain is included in determining the applicable tax brackets. This is a particular problem for enterprises and investments that are sold in a single transaction such as family farms, personal residences and high-tech businesses. Moreover, the proposal continues the incentive to hold substantially appreciated assets rather than make funds available for new productive investment.
- Various provisions in the proposal significantly increase the effective tax burden on the real estate industry when the industry can least afford it. For example, the depreciable life of non-residential real estate would be lengthened.
- The \$300 per child tax credit does not provide benefits to over 40 percent of American families with children under 19 years old, and almost 50 percent of such children are not covered. The credit is phased out for many middle-income families.
- The bailout of privately negotiated health benefit plans will principally benefit selected large eastern coal companies. This bailout is financed by an industry-wide tax that will hurt consumers and all coal workers not covered under the Bituminous Coal Operators Association agreement. This wholly unjustified bailout is highly objectionable from both an employment policy and a health policy perspective.
- The bill diverts income tax revenues of \$2.2 billion over the next decade to the rail pension fund, substituting for rail sector contributions. This diversion subsidizes a high-wage industrial sector and inappropriately sets a precedent for taxpayer support for other private pension systems.
- The "Self Reliance Loan" proposal would provide \$2.6 billion in new direct loan entitlements on top of existing postsecondary loan and grant programs. With

this much loan volume and 500 participating schools, the initiative is not a "demonstration" but a full-blown program unsupported by any evidence that it is actuarially sound or that the complex administrative procedures envisioned can work. Moreover, collection procedures would further involve the Internal Revenue Service in many taxpayers' daily lives.

- The Administration opposes Section 2514 as stated in the Department of Treasury views letter to Ways & Means Committee Chairman Rostenkowski dated November 20, 1991.
- The bill repeals the supplemental young child (wee tot) credit to the Earned Income Tax Credit, which allows eligible families with children under the age of one to claim a supplemental credit based on earned income. This provision, which grants additional relief to low income families with young children, was a pivotal component of child care legislation enacted in 1990.
- The provisions relating to small group health insurance parallel the President's proposals in many respects, but they could be strengthened significantly. In particular, the Administration's Health Insurance Network proposal is more comprehensive and less costly than the grant program in this bill. Because there is broad support for this kind of health market reform, these provisions should be considered as separate legislation, outside the context of a tax bill, so that reforms can be enacted this year.

Pay-As-You-Go Scoring

H.R. 4210 as reported by the Finance Committee would reduce receipts in FYs 1992-1994 and increase direct spending in FYs 1993-1997; therefore, it is subject to OBRA's pay-as-you-go requirement. A budget point of order should apply against any bill that is not fully offset for pay-as-you-go purposes in each year.

OMB's preliminary scoring estimates of this bill are presented in the table on the next page. Final scoring of this legislation may deviate from these estimates. If H.R. 4210 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA.

ESTIMATES FOR PAY-AS-YOU-GO*
(\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>92-97</u>
Receipts ...	-2,217	-1,610	-733	+3,602	+8,696	+19,304	+27,042
Outlays	--	+200	+172	+153	+138	+120	+784
Net deficit increase (+)/ reduction (-)	+2,217	+1,810	+905	-3,449	-8,558	-19,184	-26,258

* Details may not add to totals due to rounding.

The above estimates do not include the outlay effects of provisions relating to student loans; small employer health benefits; and coal miners' health benefits, because insufficient time was given to accurately determine the scoring effects of these provisions. The statutory language is being reviewed and estimates are under development.

The above estimates also do not include the potential impact that the Taxpayer Bill of Rights provisions may have on revenues. The Department of the Treasury estimates preliminarily that these provisions (excluding a provision concerning retroactive regulation, which has not yet been estimated) could reduce revenues by at least \$0.2 billion in FY 1993 and \$1.1 billion between FY 1993 and FY 1997 because of their impact on IRS operations. These costs have not been scored against this bill at this time, however, because of remaining technical and legal uncertainties still under review.

It appears likely that the provisions in the two preceding paragraphs, taken together, would increase the deficit.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 30, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4318 - Miscellaneous Tariff Act of 1992
(Gibbons (D) Florida)

Although the Administration would have no objection to many of the tariff extensions included in H.R. 4318 if their estimated revenue loss is fully offset, other provisions raise serious trade policy and budget concerns. Accordingly, if H.R. 4318 is presented to the President in its current form, the President's senior advisers would recommend a veto.

The Administration's specific objections include:

- Section 2121B, which would arbitrarily reclassify "light trucks" for tariff purposes, thereby increasing the rate of duty from 2.5 percent to 25 percent. This provision would lead to a dramatic increase in consumer costs, could be considered as violating U.S. obligations under the General Agreement on Tariffs and Trade (GATT), and could result in retaliation against U.S. exports. In addition, this reclassification would thwart the harmonization of U.S. tariff classifications.
- Section 2004, which unilaterally increases bound tariff rates on iron and steel pipe and tube. This increase could be considered by our trading partners as violating U.S. obligations under the GATT and could entitle them to retaliate against U.S. exports.
- Sections 1001 through 1162, which are new duty suspensions or reductions on a variety of chemicals and other items. These tariff provisions would be effective from January 1, 1995, to December 31, 1996. The Administration opposes any duty suspension beyond December 31, 1994. At that time, an assessment can be made of progress in the Uruguay Round of negotiations and the possibility of gaining reciprocity for U.S. duty changes. In addition, enacting a future duty reduction could affect U.S. manufacturers adversely by discouraging planned and future domestic production.
- Several sections providing for reliquidation of Customs duties. These provisions grant preferential treatment to one importer to the exclusion of others who may be similarly situated. In addition, they establish an undesirable precedent and encourage importers to seek redress of disputes through legislative action.

SCORING FOR THE PURPOSE OF PAYGO

H.R. 4318 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation ACT (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 4318 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	-3	-4	55	97	221	367

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 28, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4318 - Miscellaneous Tariff Act of 1992
(Gibbons (D) Florida)

Although the Administration would have no objection to many of the tariff extensions included in H.R. 4318 if their estimated revenue loss is fully offset, other provisions raise serious trade policy and budget concerns. Accordingly, if H.R. 4318 is presented to the President in its current form, the President's senior advisers would recommend a veto.

The Administration's specific objections include:

- Section 2121B, which would arbitrarily reclassify "light trucks" for tariff purposes, thereby increasing the rate of duty from 2.5 percent to 25 percent. This provision would lead to a dramatic increase in consumer costs, could be considered as violating U.S. obligations under the General Agreement on Tariffs and Trade (GATT), and could result in retaliation against U.S. exports. In addition, this reclassification would thwart the harmonization of U.S. tariff classifications.
- Section 2123, which contains the CBO scoring language required by House Rule XXI, is unacceptable. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to the 1990 Budget Agreement.
- Section 2004, which unilaterally increases bound tariff rates on iron and steel pipe and tube. This increase could be considered by our trading partners as violating U.S. obligations under the GATT and could entitle them to retaliate against U.S. exports.
- Sections 1001 through 1162, which are new duty suspensions or reductions on a variety of chemicals and other items. These tariff provisions would be effective from January 1, 1995, to December 31, 1996. The Administration opposes any duty suspension beyond December 31, 1994. At that time, an assessment can be made of progress in the Uruguay Round of negotiations and the possibility of gaining reciprocity for

U.S. duty changes. In addition, enacting a future duty reduction could affect U.S. manufacturers adversely by discouraging planned and future domestic production.

- Several sections providing for reliquidation of Customs duties. These provisions grant preferential treatment to one importer to the exclusion of others who may be similarly situated. In addition, they establish an undesirable precedent and encourage importers to seek redress of disputes through legislative action.

SCORING FOR THE PURPOSE OF PAYGO

H.R. 4318 would affect receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation ACT (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 4318 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	-3	-4	55	97	221	367

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 11, 1992 (SENT 8/12/92)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4323 - Neighborhood Schools Improvement Act
(Kildee (D) MI and 11 others)

The Administration strongly opposes H.R. 4323, as reported by the Committee on Education and Labor. If the bill were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 4323 is objectionable because it:

- Rejects true reform in favor of a "business as usual" approach. All authority stays in the current system. The true proponents of reform -- parents, governors, business -- are relegated to advisory roles. Further, almost anything related to education could be funded, whether or not it improves achievement or promotes accountability.
- Fails to provide families with more choice among all schools. H.R. 4323 ignores the President's and the Nation's desire to expand the range of choices available to the parents of all children. At the very least, the bill should authorize use of Federal funds to support State and local choice programs that allow middle- and low-income parents to select among all schools, private as well as public. Such language was supported by the Administration and was included in the bipartisan Committee-passed version of H.R. 3320, the predecessor bill to H.R. 4323.
- Fails to require implementation of a new generation of "break-the-mold" New American Schools, reflecting the best of what is known about teaching, learning, and educational technology. H.R. 4323 merely lists New American public schools as one of a number of allowable activities and does not ensure that any grant funds will be used to support break-the-mold schools.
- Fails to give schools and teachers needed flexibility in return for increased accountability. The Administration sought broad regulatory flexibility. In contrast, H.R. 4323 contains only a demonstration program that is far too limited in terms of: (1) eligibility; (2) Federal programs included; and (3) the number of States and schools that could qualify.

- Inappropriately requires the National Education Goals Panel to certify national standards in policy areas that are fundamental State and local responsibilities. H.R. 4323 would require the Goals Panel to develop and certify national school delivery standards purportedly to ensure that students have a fair opportunity to meet the national curriculum content standards. The items described in H.R. 4323 as "school delivery standards" deal with such policy issues as curriculum, facilities, and teaching requirements. These are properly the responsibility of the States and local school systems.
- Fails to promote a voluntary national system of assessments. H.R. 4323 fails to establish as a responsibility of the Goals Panel the certification of criteria for assessments linked to the voluntary national content standards. Authorizing the development of content standards without providing for the development of assessments will diminish the quality of the content standards and delay their impact.
- Fails to prohibit use of funds for birth control and abortion counseling. H.R. 4323 would permit funds under the proposed Neighborhood Schools Improvement Act to be used for the "coordination" of health, rehabilitation, and social services with education. The Administration supports the goal of providing various social services in a single location where feasible and appropriate. However, the bill must explicitly prohibit the use of funds under the Act to support school-based clinics that provide birth control or abortion counseling services.

Other objectionable provisions in the bill are described in the Attachment.

Administration-Supported Amendments

The Administration strongly supports the following amendments:

- A Goodling substitute, substantially based on the President's AMERICA 2000 proposal, that would:
 - (1) authorize a separate program for New American Schools;
 - (2) assist States and educators in developing a voluntary system of reliable, valid, and fair standards and assessments;
 - (3) permit more flexibility to teachers and principals in spending Federal funds, in return for increased accountability for improved educational achievement; and
 - (4) permit the use of Federal funds to implement public and private school choice programs.

- An Arme y substitute for the Neighborhood Schools Improvement Program component of H.R. 4323 that would: (1) require a substantial portion of this new program's funds to be used for programs of public and private school choice; (2) help ensure that funds are spent only on actual reform activities such as New American Schools and Merit Schools; and (3) enhance the role of the Governors and the Secretary of Education in promoting comprehensive educational reform.

Scoring for Purposes of Pay-As-You-Go

The provisions of H.R. 4323 that affect child nutrition programs (sections 8208-8210 and 8215) would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). A budget point of order applies in both the Senate and House against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 4323, the effect of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of the child nutrition program provisions are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 4323 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effect of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (outlays in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Totals	22	22	22	22	2	90

AttachmentOther Objectionable Provisions

The Administration also opposes provisions of H.R. 4323 that would:

- Establish an unnecessary new grant program for the development of voluntary national content standards. National content standards in mathematics have already been developed by the National Council of Teachers of Mathematics. Much work is underway to develop other voluntary national content standards (in science, geography, history, civics, and the arts) under existing authorities. Establishing a new grant program will only duplicate work already done and delay the development of useful standards.
- Raise a constitutional problem. Secs. 8011(b)(3) and 8012(b)(3) would appear to bind the Secretary of Education to carry out recommendations for Federal grants made by the National Education Goals Panel. The exercise of such authority is inappropriate because most panel members are not officers of the United States and therefore may not perform such a significant government duty.
- Delay implementing the cost saving Coordinated Review Effort (CRE) pertaining to the National School Lunch Act for a full year. The CRE is a Federal-State cooperative monitoring system for child nutrition programs. CRE reviews ensure that local school districts are providing school lunch and breakfast programs efficiently and effectively.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 11, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4323 - Neighborhood Schools Improvement Act
(Kildee (D) MI and 11 others)

The Administration strongly opposes H.R. 4323, as reported by the Committee on Education and Labor. If the bill were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 4323 is objectionable because it:

- Rejects true reform in favor of a "business as usual" approach. All authority stays in the current system. The true proponents of reform -- parents, governors, business -- are relegated to advisory roles. Further, almost anything related to education could be funded, whether or not it improves achievement or promotes accountability.
- Fails to provide families with more choice among all schools. H.R. 4323 ignores the President's and the Nation's desire to expand the range of choices available to the parents of all children. At the very least, the bill should authorize use of Federal funds to support State and local choice programs that allow middle- and low-income parents to select among all schools, private as well as public. Such language was supported by the Administration and was included in the bipartisan Committee-passed version of H.R. 3320, the predecessor bill to H.R. 4323.
- Fails to require implementation of a new generation of "break-the-mold" New American Schools, reflecting the best of what is known about teaching, learning, and educational technology. H.R. 4323 merely lists New American public schools as one of a number of allowable activities and does not ensure that any grant funds will be used to support break-the-mold schools.
- Fails to give schools and teachers needed flexibility in return for increased accountability. The Administration sought broad regulatory flexibility. In contrast, H.R. 4323 contains only a demonstration program that is far too limited in terms of: (1) eligibility; (2) Federal programs included; and (3) the number of States and schools that could qualify.

- Inappropriately requires the National Education Goals Panel to certify national standards in policy areas that are fundamental State and local responsibilities. H.R. 4323 would require the Goals Panel to develop and certify national school delivery standards purportedly to ensure that students have a fair opportunity to meet the national curriculum content standards. The items described in H.R. 4323 as "school delivery standards" deal with such policy issues as curriculum, facilities, and teaching requirements. These are properly the responsibility of the States and local school systems.
- Fails to promote a voluntary national system of assessments. H.R. 4323 fails to establish as a responsibility of the Goals Panel the certification of criteria for assessments linked to the voluntary national content standards. Authorizing the development of content standards without providing for the development of assessments will diminish the quality of the content standards and delay their impact.
- Fails to prohibit use of funds for birth control and abortion counseling. H.R. 4323 would permit funds under the proposed Neighborhood Schools Improvement Act to be used for the "coordination" of health, rehabilitation, and social services with education. The Administration supports the goal of providing various social services in a single location where feasible and appropriate. However, the bill must explicitly prohibit the use of funds under the Act to support school-based clinics that provide birth control or abortion counseling services.

Other objectionable provisions in the bill are described in the Attachment.

Administration-Supported Amendments

The Administration urges that the following amendments, which it strongly supports, be considered in order:

- A Goodling substitute, substantially based on the President's AMERICA 2000 proposal, that would:
 - (1) authorize a separate program for New American Schools;
 - (2) assist States and educators in developing a voluntary system of reliable, valid, and fair standards and assessments;
 - (3) permit more flexibility to teachers and principals in spending Federal funds, in return for increased accountability for improved educational achievement; and
 - (4) permit the use of Federal funds to implement public and private school choice programs.

- An Armeey substitute for the Neighborhood Schools Improvement Program component of H.R. 4323 that would: (1) require a substantial portion of this new program's funds to be used for programs of public and private school choice; (2) help ensure that funds are spent only on actual reform activities such as New American Schools and Merit Schools; and (3) enhance the role of the Governors and the Secretary of Education in promoting comprehensive educational reform.

Scoring for Purposes of Pay-As-You-Go

The two provisions of H.R. 4323 which affect child nutrition programs would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). A budget point of order applies in both the Senate and House against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 4323, the effect of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of the child nutrition program provisions are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 4323 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effect of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (outlays in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Totals	22	22	22	22	2	90

AttachmentOther Objectionable Provisions

The Administration also opposes provisions of H.R. 4323 that would:

- Establish an unnecessary new grant program for the development of voluntary national content standards. National content standards in mathematics have already been developed by the National Council of Teachers of Mathematics. Much work is underway to develop other voluntary national content standards (in science, geography, history, civics, and the arts) under existing authorities. Establishing a new grant program will only duplicate work already done and delay the development of useful standards.
- Raise a constitutional problem. Secs. 8011(b)(3) and 8012(b)(3) would appear to bind the Secretary of Education to carry out recommendations for Federal grants made by the National Education Goals Panel. The exercise of such authority is inappropriate because most panel members are not officers of the United States and therefore may not perform such a significant government duty.
- Delay implementing the cost saving Coordinated Review Effort (CRE) for a full year. The CRE is a Federal-State cooperative monitoring system for child nutrition programs. CRE reviews ensure that local school districts are providing school lunch and breakfast programs efficiently and effectively.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 22, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4850 - Cable Television Consumer Protection and
Competition Act of 1992
(Markey (D) Massachusetts)

The Administration strongly opposes sweeping reregulation of the cable television industry. If H.R. 4850, as reported by the House Energy and Commerce Committee, were presented to the President, his senior advisers would recommend a veto.

The Administration supports House passage of the amendment sponsored by Rep. Lent as an alternative to the reported version of H.R. 4850. The Lent amendment would eliminate or significantly modify many of the excessively regulatory provisions of H.R. 4850. It would also reduce one impediment to competition in the cable industry -- the exclusive local franchise.

The Administration opposes H.R. 4850 because:

- - It is anticonsumer. It would raise cable operating costs by \$760 million to \$1 billion annually. Rates would rise in many communities, and consumers additionally would be denied the benefits of improved service quality, new products and services, and expansion of cable to areas not now served.

- - It is reregulatory. It establishes a broad, intrusive regulatory structure that fails to provide incentives for cable systems to respond to consumer needs. The regulatory costs of the bill to Federal, State, and local governments would be \$22 million to \$60 million annually. These costs would be paid by taxpayers or consumers. The Administration believes that competition, rather than reregulation, creates the most substantial benefits for consumers and the greatest opportunities for American industry. Competition would drive down rates and improve service quality for consumers, while promoting industry development.

- - It would restrict foreign ownership of U.S. cable systems and other multichannel video delivery and programming-related services. Such a restriction invites retaliation by other countries and violates existing international obligations. It could stifle the growing investment of U.S. firms in foreign cable systems. It also threatens negotiations to: (1) eliminate the use of trade restrictions by other countries, and (2) open foreign government procurement to U.S. telecommunications

products and services, an area in which the U.S. is in an increasingly strong position.

- - It would require cable operators and, perhaps, some direct broadcast satellite (DBS) operators to carry the signals of virtually all television stations. The signals would have to be carried regardless of whether those providers believe that the programming reflects the desires and tastes of their subscribers. The Administration believes that such "must carry" requirements would raise serious First Amendment questions by infringing upon the editorial discretion exercised by cable and DBS operators in their selection of programming.

- - It would interfere unnecessarily with business investment decisions made by cable operators. For example, the bill would apparently require the Federal Communications Commission (FCC) to adopt rules limiting the number of subscribers a multichannel video operator may serve nationwide. This would be done despite the lack of evidence of anticompetitive behavior by cable operators and the existence of antitrust laws to remedy such conduct should it occur. H.R. 4850 would also generally bar the sale of a cable system within three years after its purchase or construction. Such a provision would unnecessarily intrude into ordinary business decisions made by cable operators and prospective purchasers.

- - It would require that the FCC promulgate rules limiting the ability of multichannel video distributors to acquire ownership interests in video programming. Such vertical integration both increases the supply and quality of programming and permits operational efficiencies that ultimately benefit subscribers. If individual abuses occur, they can and should be dealt with under the antitrust laws.

The Administration is well aware of the widespread consumer concern about the structure and performance of the cable television industry. The task is to address these concerns in a way that benefits consumers and does not jeopardize the substantial benefits that the cable industry has produced for consumers since passage of the 1984 Cable Act. The Administration is convinced that this can best be accomplished by removing barriers to increased competition in the video services marketplace. The Administration, therefore, would support legislation to remove, subject to adequate safeguards, current prohibitions against telephone company provision of video programming and eliminate other barriers to competition in the video marketplace. The action of the FCC on July 16, 1992, in adopting a "video dialtone" framework for telephone company participation in video markets is an important step toward competition. Increased competition is the only way to ensure that cable legislation will benefit, rather than harm, American consumers.

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July 23, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 4850 - Cable Television Consumer Protection and
Competition Act of 1992
(Markey (D) Massachusetts)

The Administration strongly opposes sweeping reregulation of the cable television industry. If H.R. 4850, as reported by the House Energy and Commerce Committee, were presented to the President, his senior advisers would recommend a veto.

The Administration supports House passage of the amendment sponsored by Rep. Lent as an alternative to the reported version of H.R. 4850. The Lent amendment would eliminate or significantly modify many of the excessively regulatory provisions of H.R. 4850. It would also reduce one impediment to competition in the cable industry -- the exclusive local franchise.

The Administration opposes the amendment to be offered by Rep. Tauzin concerning access to cable programs. It would restrict the discretion of cable programmers in distributing their product. Exclusive distribution arrangements are common in the entertainment industry and encourage the risk-taking needed to develop new programming. Requiring programming networks that are commonly owned with cable systems to make their product available to competing distributors could undermine the incentives of cable operators to invest in developing new programming. This would be to the long-term detriment of the American public. If competitive problems emerge in this area, they can and should be addressed under the existing antitrust laws.

The Administration opposes H.R. 4850 because:

- - It is anticonsumer. It would raise cable operating costs by \$760 million to \$1 billion annually. Rates would rise in many communities, and consumers additionally would be denied the benefits of improved service quality, new products and services, and expansion of cable to areas not now served.

- - It is reregulatory. It establishes a broad, intrusive regulatory structure that fails to provide incentives for cable systems to respond to consumer needs. The regulatory costs of the bill to Federal, State, and local governments would be

\$22 million to \$60 million annually. These costs would be paid by taxpayers or consumers. The Administration believes that competition, rather than reregulation, creates the most substantial benefits for consumers and the greatest opportunities for American industry. Competition would drive down rates and improve service quality for consumers, while promoting industry development.

- - It would restrict foreign ownership of U.S. cable systems and other multichannel video delivery and programming-related services. Such a restriction invites retaliation by other countries and violates existing international obligations. It could stifle the growing investment of U.S. firms in foreign cable systems. It also threatens negotiations to: (1) eliminate the use of trade restrictions by other countries, and (2) open foreign government procurement to U.S. telecommunications products and services, an area in which the U.S. is in an increasingly strong position.

- - It would require cable operators and, perhaps, some direct broadcast satellite (DBS) operators to carry the signals of virtually all television stations. The signals would have to be carried regardless of whether those providers believe that the programming reflects the desires and tastes of their subscribers. The Administration believes that such "must carry" requirements would raise serious First Amendment questions by infringing upon the editorial discretion exercised by cable and DBS operators in their selection of programming.

- - It would interfere unnecessarily with business investment decisions made by cable operators. For example, the bill would apparently require the Federal Communications Commission (FCC) to adopt rules limiting the number of subscribers a multichannel video operator may serve nationwide. This would be done despite the lack of evidence of anticompetitive behavior by cable operators and the existence of antitrust laws to remedy such conduct should it occur. H.R. 4850 would also generally bar the sale of a cable system within three years after its purchase or construction. Such a provision would unnecessarily intrude into ordinary business decisions made by cable operators and prospective purchasers.

- - It would require that the FCC promulgate rules limiting the ability of multichannel video distributors to acquire ownership interests in video programming. Such vertical integration both increases the supply and quality of programming and permits operational efficiencies that ultimately benefit subscribers. If individual abuses occur, they can and should be dealt with under the antitrust laws.

The Administration is well aware of the widespread consumer concern about the structure and performance of the cable television industry. The task is to address these concerns in a way that benefits consumers and does not jeopardize the

substantial benefits that the cable industry has produced for consumers since passage of the 1984 Cable Act. The Administration is convinced that this can best be accomplished by removing barriers to increased competition in the video services marketplace. The Administration, therefore, would support legislation to remove, subject to adequate safeguards, current prohibitions against telephone company provision of video programming and eliminate other barriers to competition in the video marketplace. The action of the FCC on July 16, 1992, in adopting a "video dialtone" framework for telephone company participation in video markets is an important step toward competition. Increased competition is the only way to ensure that cable legislation will benefit, rather than harm, American consumers.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 2, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5006 - National Defense Authorization Act
for Fiscal Year 1993
(Aspin (D) WI and Dickinson (R) AL)

The Administration strongly opposes H.R. 5006, as reported by the Committee on Armed Services, because it fails to conform to the President's Budget and encumbers certain management initiatives. The Administration urges the House to amend the bill to make it consistent with the President's request.

H.R. 5006 would authorize fiscal year 1993 appropriations of \$274.0 billion for national defense, \$7 billion less than the President's request. Of particular concern, the bill would:

- Authorize only \$4.2 billion for the Strategic Defense Initiative (SDI), approximately \$1.1 billion less than requested. This cut would undermine last year's landmark "Missile Defense Act of 1992" and delay initial deployment of strategic defenses. H.R. 5006 would also eliminate the entire \$576 million request for space-based interceptor development, thus removing the global element of the President's proposal for ballistic missile defense. In addition, the bill's proposal to create a new organization for theater defenses, separate from the SDI Organization, would needlessly complicate the acquisition of missile defenses, while increasing overhead costs.
- Reduce funding for Operation and Maintenance to \$79.7 billion, \$6.7 billion less than requested. A cut of this magnitude cannot be achieved by reducing supply purchases and overhead activities, as assumed in the Committee report, without harming troop readiness. The Department of Defense is reducing inventory levels and overhead costs. The proposed reductions would disrupt current operations, lead to low levels of needed supplies, and do nothing to help reduce the inventory of excess supplies.

In addition, the bill would authorize unrequested programs at the expense of high priority programs. Specifically, the bill would add:

- \$1.0 billion for economic conversion programs that are inappropriate for funding within the national defense category.
- \$755 million for three additional test aircraft for the unnecessary V-22 program, while imposing irrational reductions in the staff of the Department of Defense Comptroller.
- \$635 million for unrequested Guard and Reserve equipment, as well as authorize Guard and Reserve personnel levels that are 49,050 higher than those requested by the Administration.
- \$420 million for a replacement facility for Fitzsimons Army Medical Center, Denver, Colorado -- a community that is estimated to have an excess health care capacity of 40 percent, thus making a replacement facility unnecessary.
- \$150 million for flat panel displays and for X-ray lithography. These items would apparently be developed for commercial applications, even though private firms would do a better job of selecting and funding technologies to meet market demands.
- Substantial health care benefits for Department of Defense health care beneficiaries. Any significant changes in health care benefits should be considered in the health care study required by the FY 1992 Defense Authorization Act.

Furthermore, H.R. 5006 contains other objectionable provisions that would either impede cost-saving initiatives or impose cumbersome requirements affecting departmental operations. The most troubling features would:

- Fail to approve the Administration's National Defense Sealift Fund, which would establish a more effective mechanism for financing the acquisition of needed sealift.
- Restructure and reorient development programs for the Navy's F/A-18E/F and AX tactical aircraft. The effect of Committee actions would be to raise costs unnecessarily and to delay the entry into service of these badly needed aircraft.
- Prohibit the Secretary of Defense from entering into contracts or evaluating the potential savings offered by conversions to in-house or contract performance pursuant to an A-76 cost comparison decision.

- Impose inappropriate and counterproductive Federal procurement requirements, such as requiring subcontracting plans as a significant evaluation factor of the same magnitude as cost and technical considerations in a contract solicitation.
- Grant piecemeal exemptions from the current honoraria restrictions to faculty and students of certain Department of Defense schools.
- Prohibit the obligation of funds for non-nuclear consolidation until the Secretary of Energy certifies to Congress that each of the thousands of components produced in government-owned contractor-operated facilities are cost-effective on a component-by-component basis. This unnecessarily detailed review and analysis would preclude the Department of Energy from proceeding with cost-saving non-nuclear consolidation.

The Administration also strongly objects to several provisions which raise constitutional concerns. Some of these provisions would infringe upon the President's authority to make recommendations to Congress, to conduct foreign affairs, and to act as Commander in Chief.

As the review of H.R. 5006 continues, the Administration may propose additional amendments to the bill.

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 5006 would increase direct spending; therefore, it would be subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). No offsets to the direct spending increase are provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5006, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5006 is enacted, final OMB scoring estimates will be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates For Pay-As-You-Go
(in millions)

<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
\$ -4	\$ 33	\$ 46	\$ 51	\$ 48	\$ 174

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Agreement. The Administration urges the House to adopt the Gradison Amendment (No. 179), which would strike section 4.

The Administration strongly opposes the Aucoin amendment. The Administration has repeatedly made clear its opposition to the use of Federal funds for abortion.

In addition, H.R. 5006 fails to conform to the President's Budget and encumbers certain management initiatives. The Administration urges the House to amend the bill to make it consistent with the President's request.

H.R. 5006 would authorize fiscal year 1993 appropriations of \$274.0 billion for national defense, \$7 billion less than the President's request. Of particular concern, the bill would:

- Authorize only \$4.2 billion for the Strategic Defense Initiative (SDI), approximately \$1.1 billion less than requested. This cut would undermine last year's landmark "Missile Defense Act of 1992" and delay initial deployment of strategic defenses. H.R. 5006 would also eliminate the entire \$576 million request for space-based interceptor development, thus removing the global element of the President's proposal for ballistic missile defense. In addition, the bill's proposal to create a new organization for theater defenses, separate from the SDI Organization, would needlessly complicate the acquisition of missile defenses, while increasing overhead costs. The Administration urges the House to restore funding that was originally requested in the President's Budget. Furthermore, the Administration strongly

opposes the amendment to be offered by Representative Dellums which would terminate the SDI Organization, and the amendment to be offered by Representative Durbin which would further cut SDI funding.

- Reduce funding for Operation and Maintenance to \$79.7 billion, \$6.7 billion less than requested. A cut of this magnitude cannot be achieved by reducing supply purchases and overhead activities, as assumed in the Committee report, without harming troop readiness. The Department of Defense is reducing inventory levels and overhead costs. The proposed reductions would disrupt current operations, lead to low levels of needed supplies, and do nothing to help reduce the inventory of excess supplies.

The Administration strongly opposes the amendment to be offered by Representative Andrews, which would terminate new production of the B-2 bomber. The Administration also strongly opposes the amendments to be offered by Representatives Kopetski and Green regarding the one year moratorium on nuclear testing.

Moreover, the bill would authorize unrequested programs at the expense of high priority programs. Specifically, the bill would add:

- \$1.0 billion for economic conversion programs that are unnecessary in view of currently planned Administration programs and that are inappropriate for funding within the national defense category.
- \$635 million for unrequested Guard and Reserve equipment, as well as authorize Guard and Reserve personnel levels that are 49,050 higher than those requested by the Administration.
- \$420 million for a replacement facility for Fitzsimons Army Medical Center, Denver, Colorado -- a community that is estimated to have an excess health care capacity of 40 percent, thus making a replacement facility unnecessary.
- \$150 million for flat panel displays and for X-ray lithography. These items would apparently be developed for commercial applications, even though private firms would do a better job of selecting and funding technologies to meet market demands.
- Substantial health care benefits for Department of Defense health care beneficiaries. Any significant changes in health care benefits should be considered

in the health care study required by the FY 1992 Defense Authorization Act.

- More than \$800 million for unrequested aircraft programs.

Furthermore, H.R. 5006 contains other objectionable provisions that would either impede cost-saving initiatives or impose cumbersome requirements affecting departmental operations. The most troubling features would:

- Fail to approve the Administration's National Defense Sealift Fund, which would establish a more effective mechanism for financing the acquisition of needed sealift.
- Restructure and reorient development programs for the Navy's F/A-18E/F and AX tactical aircraft. The effect of Committee actions would be to raise costs unnecessarily and to delay the entry into service of these badly needed aircraft.
- Prohibit the Secretary of Defense from entering into contracts or evaluating the potential savings offered by conversions to in-house or contract performance pursuant to an A-76 cost comparison decision.
- Impose inappropriate and counterproductive Federal procurement requirements, such as requiring subcontracting plans as a significant evaluation factor of the same magnitude as cost and technical considerations in a contract solicitation.
- Grant piecemeal exemptions from the current honoraria restrictions to faculty and students of certain Department of Defense schools.
- Prohibit the obligation of funds for non-nuclear consolidation until the Secretary of Energy certifies to Congress that each of the thousands of components produced in government-owned contractor-operated facilities are cost-effective on a component-by-component basis. This unnecessarily detailed review and analysis would preclude the Department of Energy from proceeding with cost-saving non-nuclear consolidation.
- Convey certain Federal real property in a manner which is at variance with the Defense Base Closure and Realignment Act of 1990 or the Federal Property and Administrative Services Act of 1949.

The Administration also strongly objects to several provisions which raise constitutional concerns. Some of these provisions would infringe upon the President's authority to make recommendations to Congress, to conduct foreign affairs, and to act as Commander in Chief.

As the review of H.R. 5006 continues, the Administration may propose additional amendments to the bill.

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 5006 would increase direct spending; therefore, it would be subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). No offsets to the direct spending increase are provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5006, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5006 is enacted, final OMB scoring estimates will be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates For Pay-As-You-Go
(in millions)

<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
\$ -4	\$ 33	\$ 46	\$ 51	\$ 48	\$ 174

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 17, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5099 - Central Valley Project Reform Act
(Miller (D) CA and 27 others)

The Administration believes that the increasingly difficult challenge of meeting California's water needs requires maximum operational flexibility for the Central Valley Project. Enactment of H.R. 5099, however, would impose additional constraints on project operations. The Secretary of the Interior and the Secretary of Agriculture, therefore, would recommend that the President veto H.R. 5099, because the bill would:

- provide for a number of expensive measures, many of which have not been subjected to feasibility analyses and would be financed largely at Federal expense;
- affect the State's authority in matters of water allocation, distribution, and use;
- affect various on-going cooperative efforts to help balance the competing uses of water in California;
- impose fees on voluntary water transfers, which could discourage the use of such transfers;
- preclude the Secretary of the Interior from providing temporary water supplies to cities during times of drought; and
- divert project revenues to a special fish and wildlife restoration fund.

The Administration supports some of the concepts embodied in H.R. 5099, as reported by the Committee on Interior and Insular Affairs. These include certain fish and wildlife mitigation efforts, water management activities, and the potential transfer of the Central Valley Project to non-Federal ownership. The Administration appreciates the Committee's apparent support for the possible transfer of the Central Valley Project. However, specific provisions contained in the bill could interfere with this transfer.

Finally, if H.R. 5099 is incorporated into House-passed version of H.R. 429, the "Reclamation Projects Authorization and Adjustment Act of 1992", the Secretary of the Interior would recommend that the President veto H.R. 429.

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 5099 would increase Federal receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). If H.R. 5099 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

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June 15, 1992
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5099 - Central Valley Project Reform Act
(Miller (D) CA and 27 others)

The Administration believes that the increasingly difficult challenge of meeting California's water needs requires maximum operational flexibility for the Central Valley Project. Enactment of H.R. 5099, however, would impose severe constraints on project operations. The Secretary of the Interior and the Secretary of Agriculture, therefore, would recommend that the President veto H.R. 5099, because the bill would:

- interfere with the State's authority in matters of water allocation, distribution, and use;
- provide for a number of expensive measures, several of which have not been subjected to feasibility analyses and would be financed largely at Federal expense;
- adversely affect various on-going cooperative efforts to help balance the competing uses of water in California;
- impose taxes on voluntary water transfers, which could discourage the use of such transfers;
- preclude the Secretary of the Interior from providing temporary water supplies to cities during times of drought; and
- divert project revenues to a special fish and wildlife restoration fund.

The Administration supports some of the concepts embodied in H.R. 5099, as reported by the Committee on Interior and Insular Affairs. These include certain fish and wildlife mitigation efforts, water management activities, and the potential transfer of the Central Valley Project to non-Federal ownership. The Administration appreciates the Committee's apparent support for the possible transfer of the Central Valley Project. However, specific provisions contained in the bill could interfere with this transfer.

Finally, if H.R. 5099 is incorporated into House-passed version of H.R. 429, the "Reclamation Projects Authorization and

Adjustment Act of 1992", the Secretary of the Interior would recommend that the President veto H.R. 429.

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 5099 would increase Federal receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). If H.R. 5099 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 7, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5100 - Trade Expansion Act of 1992
(Rostenkowski (D) Illinois and 46 others)

Trade expansion is of vital importance to the U.S. economy -- particularly at this time, when more of our citizens than ever before owe their jobs to trade. The Administration has been successful in opening markets worldwide. The market-opening negotiations now underway, and the aggressive use of existing trade tools, will continue to ensure trade expansion abroad and job creation at home.

Now is not the time to abandon a successful strategy and begin to raise barriers to trade. If H.R. 5100 is presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 5100 contains a number of provisions that would send the United States down an ill-conceived path leading to cycles of adversarial trade retaliation and economic contraction. The Administration's specific objections to the trade provisions of H.R. 5100 are described in the Attachment.

These provisions are particularly destructive at a time when U.S. economic growth and job creation are both directly linked to exports.

- Since 1988, 70 percent of U.S. economic growth has come from exports, generating almost 2 million export-related jobs.
- The U.S. is now the world's largest exporter, with over \$420 billion in exports annually.
- Every \$1 billion in additional merchandise exports generates 20,000 export-related jobs in the United States.

The scorekeeping language in section 444 is unacceptable. This section contains the CBO scoring language required by House Rule XXI. In a letter of December 21, 1990, the President stated that he would veto any bill containing such language. The effect of this provision is to overturn a key element of the Federal spending control mechanisms enacted pursuant to the 1990 Budget Agreement.

SCORING FOR THE PURPOSE OF PAYGO

H.R. 5100 would increase receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation ACT (OBRA) of 1990. OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this proposal may deviate from this estimate. If H.R. 5100 is enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effect of all legislation on direct spending and revenue will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	15.4	21.7	23.3	24.9	26.6	111.9

Attachment

PROVISIONS OF H.R. 5100 THAT THE ADMINISTRATION STRONGLY OPPOSES

- A new super 301 provision that could severely disrupt trade flows by triggering cycles of retaliation and counter-retaliation, and deny the President what every successful negotiator needs -- flexibility in choosing how and when to pressure a trading partner.
- Anticircumvention provisions that would boomerang against U.S. exporters, brand certain kinds of normal business behavior as unfair trade practices, and raise concerns among our trading partners about GATT consistency.
- A mandated section 301 investigation of the Japanese auto and auto parts market that would undermine our ongoing market-opening efforts, discriminate against U.S. workers in Japanese owned or controlled plants in the United States, unconstitutionally infringe on the President's authority to negotiate with foreign governments, and could lead to counter-retaliation.
- A mandated 301 investigation on rice that would undermine ongoing negotiations in the Uruguay Round that have already produced a text that would benefit U.S. rice producers, and unconstitutionally infringe on the President's authority to negotiate with foreign governments.
- An unilateral increase in bound tariff rates on iron and steel pipe and tube, which our trading partners could claim violates our GATT obligations, and could entitle them to retaliate against U.S. exports.
- A requirement to review compliance with trade agreements, which would allow any individual, including foreign persons, to petition for review, and would provide no standard by which the Administration could distinguish meritorious petitions from frivolous ones, thus diverting resources from negotiating market-opening agreements.
- An amendment to the special 301 provisions (intellectual property rights) that would require the United States to ban entry of certain reciprocal products, thus reducing the country's ability to craft the most effective sanctions possible.
- A provision requiring grain importers to obtain end-use certificates specifying the purpose of the imported commodity. This requirement would impose costly new regulations on the U.S. grain handling system, undermine the competitiveness of U.S. agriculture, raise questions about

consistency with our obligations under the GATT and the U.S.-Canada Free Trade Agreement, and potentially have an adverse effect on U.S. grain exports to Mexico.

- A provision purporting to require the President to negotiate to harmonize the world's antitrust laws, which could make our antitrust laws less effective in ensuring the competitiveness of American firms. This requirement would unconstitutionally infringe on the President's authority to negotiate with foreign governments and could undermine efforts underway to eliminate anticompetitive conduct in international trade.

In addition, the bill contains other provisions to which the Administration has expressed opposition, including:

- A provision that purports to require USTR to request consultations with a foreign country whenever a 301 petition is rejected for failure to demonstrate a current burden or restriction on U.S. commerce, but future impact is likely.
- Various amendments to the antidumping law, including (1) a modification of the injury standard that would require the ITC to consider the relative health of the domestic industry only in terms of the impact of imports, and (2) a restriction to a single surrogate country in any non-market-economy dumping case.
- Amendments to the Generalized System of Preferences that would limit the effectiveness of the program for agricultural products generally, and would restrict the President's flexibility to respond to emerging market economies such as those of the former Soviet Union.

Finally, the Administration strongly opposes any amendment to H.R. 5100 that purports to require a negotiated voluntary restraint agreement regarding Japanese auto and light truck imports. Such protectionist provisions like those in the Levin amendment would:

- Cost U.S. consumers billions of dollars annually in higher prices, while padding the bank accounts of Japanese producers.
- Serve only to insulate U.S. automakers from the market forces that can stimulate their competitiveness.
- Worsen the Budget Deficit with revenue losses which could range from \$150 million in FY 1994 to nearly \$360 million in FY 1997. This would be subject to the PAYGO provisions contained in OBRA of 1990.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

May 20, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5132 -- DIRE EMERGENCY SUPPLEMENTAL APPROPRIATION
FOR DISASTER ASSISTANCE, FY 1992**
(Sponsor: Byrd (D), West Virginia)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 5132, a bill to provide supplemental appropriations for disaster assistance, as reported by the Senate Appropriations Committee.

The Administration supports the action of the Senate Appropriations Committee to provide funding for emergency supplemental appropriations that respond to the recent Presidentially-designated disasters. The President has committed to provide approximately \$600 million in disaster assistance to the areas affected, and the Committee's action to provide aid through the Small Business Administration and the Federal Emergency Management Agency disaster assistance programs is consistent with that commitment.

However, the Administration has serious concerns about the Committee provision that would add \$1.45 billion dollars for the Head Start, Compensatory Education, Summer Youth Employment, and Operation Wead and Seed programs. All of the funds contained in the provision would be designated by Congress as an emergency for purposes of the Budget Enforcement Act (BEA). The language makes these funds available only to the extent that the President designates them as an emergency as well.

The President's FY 1993 Budget proposes substantially increased funding for these activities within the domestic discretionary caps. While the Administration believes that these activities are highly important, they do not, for the most part, meet the definition of "emergency requirements" as specified in OMB's June 1991 Report on the Costs of Domestic and International Emergencies, which was required by P.L. 102-55. Specifically, "emergency requirements" must be necessary expenditures that are sudden, urgent, unforeseen, and are not permanent.

The issues raised by the \$1.45 billion provision are among a larger set of related issues being discussed by the Bipartisan leadership and the Administration. Among these issues are matters of important program reform -- above and beyond the

issues of funding. It is not helpful to these discussions, at this stage, to attempt to advance funding increases for non-disaster programs without also addressing the crucial issues of reform.

This bill was intended to address the need to replenish certain Small Business Administration and Federal Emergency Management Agency accounts in response to Presidentially-designated disasters. It would be regrettable if this particular bill were expanded to include items unrelated to the direct disaster assistance programs. Such expansion could prevent or delay what should be a simple, direct replenishment of funds used to address these disasters.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 14, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5132 -- DIRE EMERGENCY SUPPLEMENTAL APPROPRIATION FOR DISASTER ASSISTANCE

(Sponsors: Whitten (D), Mississippi; Byrd (D), West Virginia)

As the Senate prepares to consider H.R. 5132, a bill to provide supplemental appropriations for disaster assistance, this is to provide the Administration's views. The Administration urges the Senate to approve the House-passed bill without amendment.

The Administration appreciates the efforts of the Appropriations Committees to limit the bill to only those emergency supplemental appropriations that respond to the recent Presidentially-designated disasters. The President has committed to provide approximately \$600 million in disaster assistance to the areas affected, and the House's action to provide aid through the Small Business Administration and the Federal Emergency Management Agency disaster assistance programs is consistent with that commitment.

It would be highly regrettable, however, if the bill were expanded to include items unrelated to the disaster programs needed to respond to these Presidentially-designated disasters. Such expansion would likely result in undesirable conflict or stalemate -- and thus prevent what should be a simple, direct response to the needs for replenishment of funds used to address these disasters.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 14, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5132 -- DIRE EMERGENCY SUPPLEMENTAL APPROPRIATION FOR
DISASTER ASSISTANCE**

(Sponsor: Whitten (D), Mississippi)

As the House prepares to consider H.R. 5132, a bill to provide supplemental appropriations for disaster assistance, this is to provide the Administration's views. The Administration urges the House to pass the bill reported by the House Appropriations Committee.

The Administration appreciates the efforts of the Committee to limit the bill to only those emergency supplemental appropriations that respond to the recent Presidentially-designated disasters. The President has committed to provide approximately \$600 million in disaster assistance to the areas affected, and the Committee's action to provide aid through the Small Business Administration and the Federal Emergency Management Agency disaster assistance programs is consistent with that commitment.

It would be highly regrettable, however, if the bill were expanded to include items unrelated to the disaster programs needed to respond to these Presidentially-designated disasters. Such expansion would likely result in undesirable conflict or stalemate -- and thus prevent what should be a simple, direct response to the needs for replenishment of funds used to address these disasters.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 9, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5132 -- DIRE EMERGENCY SUPPLEMENTAL APPROPRIATIONS
FOR DISASTER ASSISTANCE, FY 1992**

(Sponsors: Whitten (D), Mississippi; Byrd (D), West Virginia)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Conference Report accompanying H.R. 5132, a bill to provide supplemental appropriations for disaster assistance.

The President has committed to provide approximately \$600 million in disaster assistance to the areas affected by recent Presidentially-declared disasters. He has agreed to the associated "emergency" language in the House-passed bill, and he has indicated that he would sign the House-passed bill. The Senate and the Conferees approved such funding. Regrettably, however, they chose to expand the bill substantially. The Conferees approved a total of over \$2 billion in spending, declaring all of the new spending as an "emergency," thus exempting it from any fiscal discipline.

If the bill were presented to the President in its current form, his senior advisers would recommend that he veto it. The Administration continues to hope that a reasonable bill might be developed -- and has attempted to suggest several ways in which a mutually agreeable outcome might be achieved. The President would sign immediately either the House-passed version of the bill or a bill that:

- o includes the Federal Emergency Management Agency and Small Business Administration Disaster Assistance provisions contained in the Conference Report;
- o funds the SBA Section 7(a) general business loan program at the levels contained in the Conference Report on a non-emergency basis (Funding is currently available within the domestic discretionary caps for financing this continuing Federal program.);

- o funds the Summer Youth Employment program, if the size and character of the program would allow funds to be spent efficiently this summer and allow them to be appropriately designated as an "emergency" requirement. (The Conferees chose to provide \$675 million for this program, an amount that cannot be used efficiently at this late date, and prohibited the obligation of any of these funds unless the President designates the entire amount as an "emergency".)

The issues raised by the \$1.5 billion in additional spending approved by the Conferees -- without offsets and without appropriate attention to a responsible definition of "emergency" requirements -- are among a larger set of related issues being discussed by the Bipartisan leadership and the Administration. Among these related issues are matters of important program reform -- above and beyond the issues of funding. It is not helpful to these discussions to attempt to advance funding increases for non-disaster programs on an "emergency" basis while failing to address the crucial issues of reform.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 15, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5231 - National Competitiveness Act of 1992
(Valentine (D) North Carolina and 44 others)

The President's comprehensive economic growth agenda is designed to promote American competitiveness in world markets. Among the President's proposals are improvements in tax law and comprehensive reforms of the Nation's legal, health care, education, and job training systems. None of the President's proposals is contained in H.R. 5231.

The substitute offered in the Rules Committee by Congressman Walker included many of the President's proposals. It features a major initiative to reduce Federal spending and eliminate the national debt. Reducing the deficit by cutting Government spending is critical to improving America's long term competitiveness.

The Secretaries of Commerce and Energy, the Administrator of the Small Business Administration (SBA), the Chairman of the Council of Economic Advisers, and the Director of the Office of Science and Technology Policy will recommend a veto of H.R. 5231 unless Subtitles C and D of Title III are deleted.

These subtitles would establish within the Commerce Department a technology development loan program and a high technology analogue to SBA's Small Business Investment Company (SBIC) Program. These programs would:

- Be inappropriate for Commerce's Technology Administration, which does not have the financial expertise needed to administer such programs.
- Duplicate SBA's loan and equity finance programs, which Congress has expanded significantly this year. The SBIC program already serves a significant number of technology firms.
- Possibly preempt State corporate law that would otherwise govern the structure and organization of the proposed critical technology development companies.

SBA will continue to work with the Manufacturing Technology Centers sponsored by Commerce to help ensure that promising high technology firms receive the financing they require.

Other significant objections to H.R. 5231 are described in the Attachment.

Additional Objections to H.R. 5231

The Administration strongly opposes provisions of H.R. 5231 that would:

- Authorize appropriations levels that are excessive and highly unlikely to be funded.
- Designate a single "lead" agency for enhancing manufacturing capabilities. This could complicate the interagency cooperation that now exists in Federal programs for manufacturing and other technologies.
- Alter the initial intent of the Manufacturing Technology Centers program by allowing continued direct support of the centers beyond 6 years.
- Micromanage the National Technical Information Service by pressuring it to enter into a long term lease with organizations that may not meet its long-term needs in the most effective way.
- Extend the Baldrige Award by statute to educational institutions prior to the completion of relevant studies and discussions with the educational community.
- Raise constitutional concerns by requiring:
(1) legislative recommendations from Executive officers; and (2) submission to Congress by the Secretary of Commerce or her subordinates of plans to implement portions of the bill.
- Authorize a new grant program in the Commerce Department to establish workforce training consortia between industry and institutions of higher education. In light of current training efforts, a new program should not be established.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

September 9, 1992 (SENT)

(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5231 - National Competitiveness Act of 1992
(Valentine (D) North Carolina and 44 others)

The President's economic growth agenda, contains numerous proposals to promote American competitiveness in world markets. Among the President's proposals are improvements in tax law and comprehensive reforms of the Nation's legal, health care, education, and job training systems. None of the President's proposals are contained in H.R. 5231, but several are contained in the substitute to be offered by Rep. Walker, which is addressed below.

The Secretaries of Commerce and Energy, the Administrator of the Small Business Administration (SBA), the Chairman of the Council of Economic Advisers, and the Director of the Office of Science and Technology Policy will recommend a veto of H.R. 5231 unless Subtitles D and E of Title III are deleted.

These subtitles would establish within the Commerce Department a technology development loan program and a high technology analogue to SBA's Small Business Investment Company (SBIC) Program. These programs would:

- Be inappropriate for Commerce's Technology Administration, which does not have the financial expertise needed to administer such programs.
- Duplicate SBA's loan and equity finance programs, which Congress has expanded significantly this year. The SBIC program has a significant high technology component.
- Possibly preempt State corporate law that would otherwise govern the structure and organization of the proposed critical technology development companies.

SBA will continue to work with the Manufacturing Technology Centers sponsored by Commerce to help ensure that promising high technology firms receive the financing they require.

Other significant objections to H.R. 5231 are described in the Attachment.

Walker Substitute

The Administration strongly supports Title I of the Walker substitute for H.R. 5231. Title I would implement the President's proposal for a checkoff of up to 10 percent of an individual's income tax liability to be used to reduce federal spending and eliminate the national debt.

The Administration supports other provisions in the substitute which would make the Research and Experimentation Tax Credit permanent, extend the National Cooperative Research Act to joint manufacturing ventures, extend copyright protection to certain federally-developed software, it would reduce the tax rate on long term capital gains, and address the problem of excessive litigation.

The Administration will work with Congress to address its concerns with the substitute.

Additional Objections to H.R. 5231

The Administration strongly opposes provisions of H.R. 5231 that would:

- Establish a Council on Technology and Competitiveness within the Executive Office of the President. A Federal interagency group should not develop the central plan for major sectors of the economy that the bill prescribes.
- Designate a single "lead" agency for enhancing manufacturing capabilities. This could complicate the interagency cooperation that now exists in Federal programs for manufacturing and other technologies.
- Authorize appropriations levels that are excessive and highly unlikely to be funded.
- Alter the initial intent of the Manufacturing Technology Centers program by allowing continued direct support of the centers beyond 6 years.
- Establish an unnecessary and undesirable set-aside for consortia within the Advanced Technology Program.
- Micromanage the National Technical Information Service by pressuring it to enter into a long term lease with organizations that may not meet its long-term needs in the most effective way.
- Extend the Baldrige Award by statute to educational institutions prior to the completion of relevant studies and discussions with the educational community.
- Raise constitutional concerns by requiring: (1) a report on U.S. positions in certain international negotiations; (2) legislative recommendations from Executive officers; and (3) submission to Congress by the Secretary of Commerce or her subordinates of plans to implement portions of the bill.
- Express the sense of the Congress that the programs authorized in the bill should be funded through reductions in defense spending. This would violate the 1990 budget agreement.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 22, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5236 - Voting Rights Extension Act of 1992
(Edwards (D) California)

If H.R. 5236 were presented to the President in its current form, his senior advisers would recommend a veto.

The Administration supports and has vigorously enforced the Voting Rights Act of 1965, which was designed to attack racially discriminatory voting practices. However, H.R. 5236 does not directly address racially discriminatory voting practices. Rather, it would result in unwarranted and unduly burdensome Federal micromanagement of the powers of certain State and local governments. It would require advance Federal approval of thousands of State and local government decisions, working an unprecedented expansion of Federal power. Specifically, the bill would require preclearance of "any change of procedural rules, voting practices, or transfers of decision making authority that affect the powers of an elected official or position" made by a covered jurisdiction (emphasis added). Thus, preclearance would be required for a subcommittee assignment change, a rule changing from a majority to a two-thirds vote requirements for adopting new taxes, or even any change in decision-making authority reflected in the jurisdiction's budget from the previous year. No showing of racial animus or intent to affect voting would be required.

H.R. 5236 singles out particular jurisdictions, primarily in the South, for manipulating election procedures in the past for racially discriminatory ends. There is no record that warrants imposing onerous new requirements on only those jurisdictions.

The Administration would be willing to work with Congress to develop an alternative to H.R. 5236 that would address more directly the issue of racially discriminatory voting practices. Unlike H.R. 5236, such a proposal would: (1) be targeted at changes that affect and are intended to affect voting; (2) require a finding of intentional racial discrimination; (3) not impose wholesale preclearance for routine non-discriminatory changes in local governance; and (4) apply nationwide.

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July 23, 1992 (SENT 7/28/92)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5237 - Rural Electrification Administration (REA)
Improvement Act
(English (D) OK and 41 others)

The Administration strongly opposes enactment of H.R. 5237. The bill would increase REA loan losses, and undermine earlier successful programs designed to assist borrowers in graduating from REA programs to private credit markets. It would also substantially expand the number of communities eligible for REA telephone loan assistance. If the bill were presented to the President in its current form, his senior advisers would recommend a veto.

Of major concern, the bill would:

- Require the REA Administrator to (1) grant a lien accommodation to private lenders on REA's first lien on borrower assets, even if the borrower does not meet REA lending standards; and (2) subordinate REA's first lien on borrower assets financed by private lenders for any non-utility business loans. These requirements would further jeopardize the future repayment of \$37 billion in outstanding REA loans and loan guarantees that already have estimated losses of \$2.8 billion.
- Allow financially healthy borrowers with 2 and 5 percent interest rate REA loans to prepay at a discount and then return to REA to borrow again after five years. Such borrowers would receive the benefit of a discounted prepayment and then be able to receive more REA loans at a subsidized 5 percent interest rate in the future.
- Allow 50 borrowers, who had been given loan discounts of \$299 million in 1987 to prepay outstanding REA loans and who had left the program permanently, to return for more REA subsidized loans. H.R. 5237 would allow these borrowers to receive new loans without having to repay the contractually required loan discount with interest that is now about \$350 million.

-- Substantially increase the number of communities eligible for REA telephone loans because of an increase in the population limit from 1,500 to 10,000. Communities such as Palm Beach, Florida and Falls Church, Virginia could qualify. This would substantially increase the eligible population from 6 million to over 39 million and allow major telephone companies (regional Bell companies) to be eligible for REA subsidized loans.

Scoring for the Purpose of PAYGO and Discretionary Caps

H.R. 5237 would decrease receipts as a result of increased loan losses due to the requirement for REA on-demand lien accommodations and debt subordinations. Therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Offsets are not provided in the bill. A budget point of order applies in both the House and Senate against any bill that is not fully offset under CBO scoring. If contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5237, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5237 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go (dollars in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-97</u>
Receipts	-225	0	0	0	0	0	-225

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 4, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5260 - Unemployment Compensation Amendments of 1992
(Rostenkowski (D) IL and Downey (D) NY)

The President remains deeply committed to providing assistance to unemployed Americans. He and other members of the Administration have repeatedly pledged support for extending the Emergency Unemployment Compensation (EUC) program as the economy recovers.

On April 8th, the President called for an extension of the EUC program through the end of 1992 and directed the Secretary of Labor to work with Congress to enact such an extension. On May 12th, the President and the Republican congressional leadership proposed an extension of the EUC program through March 6, 1993. The EUC extension would provide a total of 39 to 46 weeks of unemployment benefits to those who qualify by January 2, 1993, and a total of 33 to 36 weeks of benefits to those who qualify by March 6, 1993. This extension is deficit-neutral year-by-year, using acceptable offsets. The Administration believes this proposal is a responsible and responsive compromise.

H.R. 5260, on the other hand, would increase employers taxes and extend the EUC program in a manner incompatible with long-term economic growth and fiscal responsibility. Increasing taxes on employers would threaten job growth in existing jobs. The bill also would overturn current law enacted a year and a half ago in the Budget Enforcement Act (BEA) by prohibiting all new budget authority, outlays, or receipts resulting from the bill from being considered for any purposes of the BEA. This waiver is an attempt to avoid budget discipline and would increase the current deficit and only promise to reduce deficits in future years.

If the waiver provision were deleted, the Administration would still oppose the bill because it would fail to meet BEA pay-as-you-go requirements. Without the BEA waiver, the bill would result in a sequester of Medicare, farm payments, and other sequestrable mandatory programs. In addition, H.R. 5260 is objectionable because it would exempt EUC benefits from sequestration.

If H.R. 5260 were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 5260 also would make permanent structural changes to the current unemployment compensation system. The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) established

the Federal Advisory Council on Unemployment Compensation to study the current system and make recommendations on permanent changes by February 1, 1994. The President and Republican leadership proposed to accelerate the timetable for the council enabling it to recommend changes by February 1, 1993. Congress should not undertake fundamental program changes before its own advisory council can rationally consider long-term reform.

The Administration is supportive of Representative Archer's efforts to combine extension of the EUC Program, with provisions that would stimulate investment and create jobs. The U.I. benefit structure in the Archer amendment is identical to that in the Republican Leadership package which the Administration has endorsed as the appropriate response to the Nation's unemployment problem.

Pay-As-You-Go Scoring

Absent the waiver provision described above, H.R. 5260 would be subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The revenue provisions in the bill do not fully offset the increased direct spending on a year-by-year basis. A budget point of order applies in both the House and Senate against any bill that is not fully offset under scoring by the Congressional Budget Office. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5260, enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 5260 were enacted, final OMB scoring estimates would be published five days after enactment as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

	<u>Estimates for Pay-As-You-Go</u>						
	(\$ in millions)						
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
Outlays	781	3,565	507	368	196	148	5,565
Receipts	122	938	680	677	2,065	4,001	8,483
Net Deficit	659	2,627	-173	-309	-1,869	-3,853	-2,918
Increase (+)/							
Decrease (-)							

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 5, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5260 - Unemployment Compensation Amendments of 1992
(Rostenkowski (D) IL and Downey (D) NY)

The President remains deeply committed to providing assistance to unemployed Americans. He and other members of the Administration have repeatedly pledged support for extending the Emergency Unemployment Compensation (EUC) program as the economy recovers.

On April 8th, the President called for an extension of the EUC program through the end of 1992 and directed the Secretary of Labor to work with Congress to enact such an extension. On May 12th, the President and the Republican congressional leadership proposed an extension of the EUC program through March 6, 1993. The EUC extension would provide a total of 39 to 46 weeks of unemployment benefits to those who qualify by January 2, 1993, and a total of 33 to 36 weeks of benefits to those who qualify by March 6, 1993. This extension is deficit-neutral year-by-year, using acceptable offsets. The Administration believes this proposal is a responsible and responsive compromise.

H.R. 5260, on the other hand, would increase employers taxes and extend the EUC program in a manner incompatible with long-term economic growth and fiscal responsibility. Increasing taxes on employers would threaten job growth and existing jobs. The bill also would overturn current law enacted a year and a half ago in the Budget Enforcement Act (BEA) by prohibiting all new budget authority, outlays, or receipts resulting from the bill from being considered for any purposes of the BEA. This waiver is an attempt to avoid budget discipline and would increase the current deficit and only promise to reduce deficits in future years.

If the waiver provision were deleted, the Administration would still oppose the bill because it would fail to meet BEA pay-as-you-go requirements. Without the BEA waiver, the bill would result in a sequester of Medicare, farm payments, and other sequestrable mandatory programs. In addition, H.R. 5260 is objectionable because it would exempt EUC benefits from sequestration.

If H.R. 5260 were presented to the President in its current form, his senior advisers would recommend a veto.

H.R. 5260 also would make permanent structural changes to the current unemployment compensation system. The Emergency Unemployment Compensation Act of 1991 (P.L. 102-164) established

the Federal Advisory Council on Unemployment Compensation to study the current system and make recommendations on permanent changes by February 1, 1994. The President and Republican leadership proposed to accelerate the timetable for the council enabling it to recommend changes by February 1, 1993. Congress should not undertake fundamental program changes before its own advisory council can rationally consider long-term reform.

Pay-As-You-Go Scoring

Absent the waiver provision described above, H.R. 5260 would be subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The revenue provisions in the bill do not fully offset the increased direct spending on a year-by-year basis. A budget point of order applies in both the House and Senate against any bill that is not fully offset under scoring by the Congressional Budget Office. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5260, enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 5260 were enacted, final OMB scoring estimates would be published five days after enactment as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go (\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-1997</u>
Outlays	781	3,565	507	368	196	148	5,565
Receipts	122	938	680	677	2,065	4,001	8,483
Net Deficit Increase (+)/ Decrease (-)	659	2,627	-173	-309	-1,869	-3,853	-2,918

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 5, 1992 (SENT 8/6/92)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5318 - United States-China Act of 1992
(Pease (D) Ohio and 34 others)

The Administration strongly opposes H.R. 5318, which would place additional conditions on MFN renewal. If this bill is presented to the President, his senior advisors would recommend a veto.

The President's decision to renew the waiver extending China's MFN status is based on the principle that engagement with China offers the best hope for democratic reform. The unconditional extension of MFN substantially promotes broader U.S. interests in human rights, nonproliferation, and trade. As noted below, the United States' record of addressing issues of concern with China has been one of considerable success.

Emigration. The Jackson-Vanik Amendment requires the President to determine whether renewal of the MFN waiver would substantially promote freedom of emigration from China. It is clear that an extension of the waiver would advance this objective. Over 18,000 Chinese citizens emigrated to the United States last year. The principal restraint on emigration is not Chinese policy, but rather the capacity and willingness of other nations to absorb Chinese immigrants.

Nonproliferation. As a direct result of targeted Administration sanctions, China's support for global nonproliferation initiatives has increased significantly. For example, China: (1) agreed to adhere to the Missile Technology Control Regime guidelines and parameters and has acceded to the Nuclear Non-Proliferation Treaty; (2) is involved in the President's Middle East Arms Control Initiative; and (3) is participating in the Chemical Weapons Convention in Geneva.

Trade. The United States will sign a Memorandum of Understanding on Prison Labor on August 7th that will prohibit exports of prison labor products to the United States and will provide for U.S. inspection of suspect Chinese facilities. China is implementing reforms it agreed to make under an Intellectual Property Rights Agreement to improve significantly the protection of patents and copyrights, including computer software. U.S. industry has strongly endorsed these reforms and has urged continuation of MFN for China. The United States is making every

effort to conclude successfully market access talks with China by the October deadline.

Human Rights. Promotion of fundamental human rights is and will remain at the forefront of U.S. foreign policy objectives toward China. The United States has taken the strongest position against China's human rights abuses of any country in the world. The United States is the only nation today that has not lifted Tiananmen sanctions against China, which are specifically targeted to human rights issues. Dialogue with the Chinese on human rights has produced tangible results; more needs to be accomplished. The United States will not lift its Tiananmen-related sanctions until the Chinese make substantial progress in protecting basic human rights.

The United States-China commercial relationship has encouraged positive change and helped influence those elements of Chinese society most open to reform. To place conditions on MFN would hold the single most powerful instrument for promoting reform hostage to the reactions of hardliners in Beijing.

In this regard, conditional renewal of MFN, with the threat of revocation restricted to state enterprises, is equally unacceptable. It would have an indiscriminate impact on the entire Chinese economy. The state sector is involved in nearly all aspects of China's trade regime. State-owned foreign trade companies are responsible for exporting most of China's exports, including those from joint ventures and private enterprises in the South. Further, it would be virtually impossible to administer selective MFN, enterprise-by-enterprise; it would invite massive fraud and circumvention.

From the Chinese perspective, targeting the rescission of MFN to state enterprises would make no difference. These proposals are very likely to result in retaliation, jeopardizing a significant portion of an estimated \$8 billion U.S. export market in 1992 with no identifiable gain. Such retaliation also would injure U.S. farmers, whose agricultural exports would be boycotted, and consumers, particularly the least affluent, who rely on U.S. import of China's low cost goods. Finally, U.S. businesses with joint venture and other operations in China would suffer significant economic losses.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 4, 1992 (SENT)
(House Rules)
(SENT HOUSE 8/5/92)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5334 - Housing and Community Development Act of 1992
(Rep. Gonzalez (D) TX)

The Administration and Congress worked together in 1990 to enact the National Affordable Housing Act (NAHA), the first major housing authorization bill in almost a decade. The Administration is committed to maintaining and improving the new directions in housing policy established by NAHA.

The Administration's fundamental housing objectives today are the same as they were in 1990: (1) authorizing the Homeownership and Opportunity for People Everywhere (HOPE) program at meaningful funding levels; (2) securing the financial soundness of the Federal Housing Administration's (FHA) single-family insurance fund; (3) directing housing resources more effectively to the neediest poor families; (4) increasing the power of poor people in the housing marketplace; and (5) maintaining fiscal responsibility.

H.R. 5334, however, would wastefully spend scarce housing resources and reverse many of the bipartisan compromises that led to the enactment of NAHA. The bill fails to address any of the Administration's objectives outlined above, takes no action on key Administration initiatives to improve NAHA, and weakens safeguards against housing fraud. If H.R. 5334 were presented to the President in its current form, his senior advisers would recommend a veto.

Specifically, H.R. 5334 fails to address Administration objectives because it would:

- o Authorize appropriations of only \$411 million for the HOPE program. This amount represents less than half of what NAHA authorized for HOPE in FY 1992 and only 40 percent of the funding requested in the President's FY 1993 Budget.

The bill also would hinder implementation of the HOPE program. It would do so by maintaining a one-for-one replacement requirement for HOPE public housing units and requiring compensation be paid to Public Housing Authorities for units sold.

- o Undermine reforms of the FHA single-family insurance program that are intended to put the Mutual Mortgage Insurance (MMI) fund on sound financial footing. H.R. 5334 would eliminate the regulation that allows FHA borrowers to finance a maximum of 57 percent of closing costs. On an annual basis, elimination of this rule would increase FHA defaults by an estimated 3,700 and cost the MMI fund \$66 million.
- o Increase the limit on FHA mortgages, moving FHA away from its traditional role as a financial resource for lower- and moderate-income first-time homebuyers, particularly within inner cities.
- o Decrease the number of families that can be served by the HOME Investments Partnership program by weakening income targeting, match, and cost limit requirements. These requirements are essential to the cost-effectiveness of the program.
- o Eliminate review of subsidy layering as required in the wake of scandals at the Department of Housing and Urban Development (HUD) several years ago. The bill also authorizes lower research and development funding, thus jeopardizing the Department's ability to meet requirements of the HUD Reform Act. These provisions would create new opportunities for fraud and abuse at taxpayer expense.
- o Reduce targeting of public housing to very low-income families by allowing more higher-income tenants to live in these units. This provision further weakens targeting in public housing before the full implementation of targeting provisions enacted in NAHA.
- o Restrict housing choice for very low-income tenants who receive housing vouchers. H.R. 5334 would also limit opportunities for empowerment by dramatically reducing self-sufficiency program requirements enacted in NAHA.
- o Authorize appropriations totalling approximately \$30 billion, \$6 billion above the amount requested in the President's FY 1993 Budget for housing and community development programs.

In addition, H.R. 5334 ignores key Administration initiatives that would: (1) allow public housing residents of troubled projects to choose alternative managers and owners; (2) restore vacant public housing to productive use; and (3) break down regulatory barriers to affordable housing.

Pay-As-You-Go Scoring

Enactment of H.R. 5334 would result in a net decrease in receipts for FYs 1993-1997; therefore, the bill is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Increasing the limit on FHA mortgages would increase receipts, while eliminating the regulation that allows FHA borrowers to finance a maximum of 57 percent of closing costs would decrease receipts.

OMB's preliminary scoring estimates for this bill are presented in the table below. Final scoring of this legislation may deviate from this estimate. If H.R. 5334 were enacted, final OMB scoring estimates would be published five days after enactment as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates for Pay-As-You-Go
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-1997</u>
Receipts	-22.4	-13.1	-16.0	-17.7	-19.3	-88.5

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 24, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5368 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Obey (D), Wisconsin)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 5368, the FY 1993 Foreign Operations, Export Financing, and Related Programs Appropriations Bill. Although the Committee bill would provide important assistance to the republics of the former Soviet Union and in Eastern Europe, it proposes a number of funding reductions, earmarks, and language provisions that would seriously undermine the Administration's ability to carry out foreign policy.

The Administration remains opposed to funding included in the bill for the United Nations Population Fund (UNFPA). UNFPA supports a program of coercive abortion or involuntary sterilization in China. Because the UNFPA provision would weaken current law or regulation with respect to abortion-related activities, the President would veto the bill as reported by the Committee.

The Administration opposes H.R. 5368 in its current form because of the UNFPA provision and other serious objections outlined below. However, the Administration hopes that the bill will move forward through the legislative process so that necessary changes could be made to gain Administration support for its final passage.

Serious objections include:

- o Reduction in overall funding requested by the Administration of \$1.2 billion, which brings the total for the bill to \$0.6 billion below the FY 1992 Continuing Resolution level, and \$2 billion below the FY 1991 level. Cuts of this magnitude would seriously jeopardize our ability to support the transition to democracy and economic freedom around the world. The funding level provided in the bill is inadequate, and any further reductions will be strongly opposed by the Administration;

- o Reductions of over \$800 million to the request for Foreign Military Financing (FMF), which could seriously compromise U.S. national security interests. The combination of these reductions, along with the earmarking of over 95 percent of FMF for three countries, would leave the Administration with little flexibility to assist other key allies with legitimate defense needs. In particular, reductions and elimination of grant financing for Turkey, Greece, and Portugal could diminish our military readiness in the Persian Gulf, the Mediterranean, and the Balkans;
- o Language provisions on aid to Jordan that would seriously constrain the Administration's ability to respond to positive changes in Jordanian behavior on sanctions. United States assistance promotes the stability necessary for Jordan to support U.S. policies, including those on sanctions and the peace process;
- o Elimination of funding for debt reduction under the Enterprise for the Americas Initiative (EAI), a key foreign policy priority, as well as conditions placed on contributions to the Multilateral Investment Fund, which has also been reduced. These actions would undermine the Administration's ability to promote economic growth and environmental protection in Latin America. Lack of support for EAI could jeopardize recent dramatic increases in U.S. exports that have created thousands of U.S. jobs.
- o Legislative constraints on assistance to Eastern Europe would seriously disrupt the U.S. assistance program and increase substantially the overhead cost of administering the program. The requirement to design and program assistance at traditional AID overseas missions could require hundreds of additional costly direct hires. The earmark on bilaterally programmed assistance would reduce needed flexibility to allocate resources in response to emerging opportunities and limit our ability to emphasize the private sector and promote economic growth, trade, and investment throughout the region.
- o Continued restrictions on, and earmarking of aid to the republics of the former Soviet Union, which would reduce needed flexibility to respond to a rapidly changing political and economic environment. Earmarking limits the ability to tap the U.S. private sector as a catalyst for growth and change.

- o Extensive earmarking and micromanagement of economic assistance programs, which would reduce their effectiveness and hinder promotion of broad-based economic growth, economic reform, and democratic practices;
- o Reductions in contributions to the Multilateral Development Banks, which would diminish U.S. influence on banks' policies and create increased arrears in negotiated U.S. contributions;
- o Elimination of the authority to provide excess defense articles to Senegal and Morocco under the Southern Region Amendment;
- o Reductions that affect U.S. counternarcotics programs. These include reductions in International Narcotics Control and in FMF programs related to counternarcotics efforts, particularly in Latin America.

The extensive micromanagement throughout the Committee bill would thwart efforts to execute in a meaningful and rational manner the limited resources that would be provided by the bill. Over three-quarters of the major economic assistance accounts are earmarked. The vast array of country, program, project, and contractor earmarks, compounded by sizeable funding reductions, not only distorts the Administration's request but also would deny the Administration the flexibility to carry out U.S. foreign policy.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 24, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5368 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Obey (D), Wisconsin)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 5368, the FY 1993 Foreign Operations, Export Financing, and Related Programs Appropriations Bill. Although the Committee bill would provide important assistance to the republics of the former Soviet Union and in Eastern Europe, it proposes a number of funding reductions, earmarks, and language provisions that would seriously undermine the Administration's ability to carry out foreign policy.

The Administration remains opposed to funding included in the bill for the United Nations Population Fund (UNFPA). UNFPA supports a program of coercive abortion or involuntary sterilization in China. Because the UNFPA provision would weaken current law or regulation with respect to abortion-related activities, the President would veto the bill as reported by the Committee.

The Administration opposes H.R. 5368 in its current form because of the UNFPA provision and other serious objections outlined below. However, the Administration hopes that the bill will move forward through the legislative process so that necessary changes could be made to gain Administration support for its final passage.

Serious objections include:

- o Reduction in overall funding requested by the Administration of \$1.3 billion, which brings the total for the bill to over \$600 million below the FY 1992 Continuing Resolution level, and \$2 billion below the FY 1991 level. Cuts of this magnitude would seriously jeopardize our ability to support the transition to democracy and economic freedom around the world. The funding level provided in the bill is inadequate, and any further reductions will be strongly opposed by the Administration;

- o Reductions of over \$800 million to the request for Foreign Military Financing (FMF), which could seriously compromise U.S. national security interests. The combination of these reductions, along with the earmarking of over 95 percent of FMF for three countries, would leave the Administration with little flexibility to assist other key allies with legitimate defense needs. In particular, reductions and elimination of grant financing for Turkey, Greece, and Portugal could diminish our military readiness in the Persian Gulf, the Mediterranean, and the Balkans;
- o Language provisions on aid to Jordan that would seriously constrain the Administration's ability to respond to positive changes in Jordanian behavior on sanctions. United States assistance promotes the stability necessary for Jordan to support U.S. policies, including those on sanctions and the peace process;
- o Elimination of funding for debt reduction under the Enterprise for the Americas Initiative (EAI), a key foreign policy priority, as well as conditions placed on contributions to the Multilateral Investment Fund, which has also been reduced. These actions would undermine the Administration's ability to promote economic growth and environmental protection in Latin America. Lack of support for EAI could jeopardize recent dramatic increases in U.S. exports that have created thousands of U.S. jobs.
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- o **Reductions that affect U.S. counternarcotics programs. These include reductions in International Narcotics Control and in FMP programs related to counternarcotics efforts, particularly in Latin America.**

The extensive micromanagement throughout the Committee bill would thwart efforts to execute in a meaningful and rational manner the limited resources that would be provided by the bill. Over three-quarters of the major economic assistance accounts are earmarked. The vast array of country, program, project, and contractor earmarks, compounded by sizeable funding reductions, not only distorts the Administration's request but also would deny the Administration the flexibility to carry out U.S. foreign policy.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



July 31, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5373 -- ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1993

(Sponsors: Byrd (D), West Virginia; Johnston (D), Louisiana)

This Statement of Administration Policy expresses the Administration's views on H.R. 5373, the Energy and Water Development Appropriations Bill, FY 1993, as reported by the Senate Appropriations Committee.

The Administration understands that an amendment may be offered that would place a complete moratorium on nuclear testing. The President's senior advisers would recommend that the bill be vetoed if such a provision were included in the bill.

Budget Priorities

The Administration is pleased that the Committee has restored funding for the Superconducting Super Collider (SSC). As discussed below and in the attachment, the Senate is urged to approve an environmental cleanup fee, and to reduce funding for the Tennessee Valley Authority (TVA) and for low-priority projects of the Army Corps of Engineers.

Superconducting Super Collider

The Administration appreciates Committee action to include funding for the SSC and would strongly oppose an amendment to delete the funding. Elimination of funding for the SSC would constitute a major retreat from U.S. leadership in superconductivity. This action would have highly adverse consequences for America's competitive position not only in science but in a number of important energy technologies.

SSC-related research has spawned, and will continue to spawn, advances in many fields of technology, including accelerators, cryogenics, superconductivity, and computing. The program serves as a national resource for inspiring students to pursue careers in math and science. SSC-related work would support nearly 7,900 jobs in the United States.

Environmental Cleanup Fee

The Committee has rejected the Administration's proposal for an environmental cleanup fee that would generate \$183 million in receipts. This fee would require owners or operators of domestic nuclear power reactors to share in the cost of environmental cleanup of the uranium enrichment enterprise. Without this user fee, the taxpayers would be forced to pay 100 percent of this cleanup cost.

Superconducting Magnetic Energy Storage

The Committee's recommendation for the Department of Energy (DOE) includes \$20 million to force DOE's involvement with a continuing Department of Defense (DOD) program in superconducting magnetic energy storage. The current program is not relevant to the utility industry and would not provide the benefits cited by the Committee. It would force DOE into a program with out-year costs of approximately \$500 million, without any cost-effective benefit for the nation's energy security. The only real beneficiaries would be the two current DOD contractor teams, led by Ebasco and Bechtel. The Administration urges the Senate to delete this provision.

Scoring Issues: Office of Nuclear Safety and Los Alamos Meson Physics Facility

The Administration is concerned about the Committee's proposals to shift funding for several activities from the domestic to the defense discretionary allocations under the Budget Enforcement Act (BEA). These proposals include:

- o Shifting \$65 million in budget authority for the Office of Nuclear Safety from Energy Supply, Research and Development, a domestic account, to Atomic Energy defense;
- o Shifting \$26 million in budget authority for the Los Alamos Meson Physics Facility (LAMPF) from General Science and Research Activities to Atomic Energy Defense. The majority of the LAMPF functions have been funded as civilian science activities since the mid-1960's.

The Administration is continuing to review the appropriate BEA scoring of these activities, but currently classifies both of them as domestic spending.

Preliminary Scoring

On the basis of OMB's preliminary scoring (see table attached), the Committee bill exceeds the Senate 602(b) allocation for domestic discretionary budget authority by \$50 million and exceeds the outlay allocation by \$60 million. The bill is within the allocations for defense discretionary budget authority and outlays.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5373 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. FUNDING LEVELS

Department of Defense-Civil: Army Corps of Engineers

- The Committee's funding of the Corps of Engineers program exceeds the President's budget request by over \$90 million. The Administration objects to the Committee's once again offsetting increased work by unrealistically inflating savings and slippage. By including this \$63 million financing gimmick, the Committee has masked the budgetary impact of its actions. This provision would make the already difficult job of managing the Corps program that much more difficult.

The savings and slippage would be subtracted from the amount allocated to individual projects. Local sponsors, who are now bearing a greater portion of project costs, would be required to finance some of the resultant project cost increases due to schedule delays caused by inadequate funding.

- The Administration is pleased that the Committee has funded the President's requested new construction starts -- in particular, the major rehabilitation new starts. These projects are aimed at protecting America's existing investments in infrastructure.
- The Administration is concerned that the Committee has reduced -- and in some cases eliminated -- requested funding for various programs of the Army Corps of Engineers. Instead, funding has been provided for lower priority activities.

The President's regulatory program budget request would provide for an increase in staffing to speed up the review and processing of regulatory permits. The Committee's funding reduction would only serve to decelerate regulatory permit processing. The research and development activities for which the Committee has reduced

funding would provide important analytical information needed to make wise environmental investments.

- The Administration objects to the Committee's deletion of 10 out of the 11 water resources project pre-construction engineering and design (PED) new starts contained in the President's budget request. Eight of the budgeted PEDs resulted from non-Federal, cost-shared feasibility studies. Cost-sharing reforms were accompanied by a number of agreements intended to assure local sponsors that cost-shared studies would be accorded high priority for funding.

Department of the Interior: Bureau of Reclamation

- The Administration objects to the Committee's failure to fund the proposed transfer of oversight responsibility for the Bureau of Indian Affairs (BIA) dam safety program to the Bureau of Reclamation.

The Administration first proposed this transfer in FY 1991 after the Department of the Interior Inspector General reported that the BIA had not effectively managed the program from either an engineering or financial standpoint. BIA has made some improvement in its dam safety program, as documented in a recent GAO report. Nevertheless, the Administration believes that the best engineering expertise for accomplishing this important function lies in the Bureau of Reclamation.

The Secretary of the Interior should be allowed to exercise his management discretion on how best to use the technical and management expertise of the Bureau of Reclamation to ensure the timely correction of serious safety deficiencies at a number of high-hazard BIA dams. Indian tribes would participate in implementing corrective actions on reservation dams, through contracts or, if a tribe chooses, through consultation.

Department of Energy

- The Administration objects to the Committee's \$5 million reduction from the request for the new Fermilab Main Injector for high energy physics research. Funding at requested levels for this crucial investment in the nation's science

infrastructure is needed to ensure America's competitive position in research and development in the future.

- The Committee report would shift \$25 million within the civilian portion of the Environmental Restoration and Waste Management (ERWM) program to provide additional funds for the operation of the Fast Flux Test Facility. The Administration has made every effort to ensure that funds are available in the ERWM program to meet all legally mandated schedules and milestones. Shifting funds to reactor operations could cause the Department of Energy to miss milestones that are enforceable under the terms of compliance agreements. These are agreements that the Department has signed with EPA and State regulatory agencies.
- The Committee bill funds all line items in the Multiprogram Energy Laboratories-Facility Support activity at the levels requested by the President and then reduces the activity overall by \$20 million. With this provision, the Department of Energy would be unable to delete individual projects and would be forced to stretch the completion schedule for all projects.
- The Administration objects to the Committee's failure to fund the Presidential initiative (\$10 million) to develop technology and systems for Moon and Mars exploration.

Other Independent Agencies

- Tennessee Valley Authority (TVA). The Committee bill would increase funding for TVA by 34 percent over the Administration's request. The increase would continue rural development activities that should be conducted by State or local governments. Further, this unwarranted increase in funding would maintain funding for fertilizer activities that the Administration believes should be made self-supporting.

B. LANGUAGE PROVISIONS

Department of Defense-Civil: Army Corps of Engineers

- Many of the low-priority studies and construction projects contained in the Committee bill have specific funding levels and features prescribed in

bill language. This would reduce programmatic flexibility and place an unfair financial burden on other projects when savings and slippage is allocated.

- The Administration objects to language that would require the Secretary of the Army to place one-half of the Federal hopper dredge fleet in standby status for a one-year period. The Administration shares the Committee's desire to make more work available for competitive bidding by the private sector. However, keeping two Federal dredges in standby status would still entail Federal crew and maintenance costs, while at the same time contracting out the work that these dredges would otherwise perform. This would reduce the amount of dredging the Corps could finance with fixed FY 1993 appropriations and would result in only a small increase in the total amount of private sector dredging.

The Administration stands ready to work with the Committee to reduce the costs of the dredging program and to promote competition within the program in a way that avoids the high cost of keeping Federal dredges in a standby status.

Department of Energy

- The Administration objects to Committee report language stating that a minimum of one FTE per \$2.5 million of budget authority shall be allocated to the Department of Energy's (DOE's) Office of Environmental Restoration and Waste Management. This represents Congressional intrusion on Presidential prerogatives to set employment levels.
- The Administration objects to the Committee's directing DOE to select competitively a commercial deployment contractor for the AVLIS Uranium Enrichment project. The Committee directs DOE to have this contractor on line by April 1, 1993, and to have this contractor direct several pre-deployment activities. Until the outcome of restructuring legislation is determined, the Administration believes that it is inappropriate for the Committee to be directing DOE to perform pre-deployment activities.
- The Administration objects to section 304 of the Committee bill, which would establish certain racial, ethnic, and gender criteria for businesses and other organizations seeking Federal funding

for the development, construction, and operation of the Superconducting Super Collider. A Congressional grant of Federal money or benefits based solely on the recipient's race, ethnicity, or gender is presumptively unconstitutional under the equal protection standards of the Constitution.

The Supreme Court has held that race or gender preferences violate the Constitution unless they are substantially related to the accomplishment of important goals. The provisions of the bill that employ racial, ethnic, or gender criteria would withstand constitutional scrutiny only if there were sufficient evidence to meet this exacting standard.

General Provisions

- The Administration objects to the language of section 505 of the Committee bill, which would bar the use of appropriated funds to conduct certain studies of the pricing of hydroelectric power. In signing the FY 1991 and FY 1992 Energy and Water Development Appropriations Bills, the President objected to language identical to the language in section 505 on constitutional grounds. The Constitution grants the President the authority to recommend to the Congress any legislative measures considered "necessary and expedient." Any restrictions on studies would be interpreted so as not to limit the President's ability to carry out his constitutional responsibilities.

Preliminary OMB Scoring

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1993
(in millions of dollars)

31-JUL-92
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EWSC-MCT.WK3

Major Programs	FY 1992 Enacted		FY 1993 Budget		House Floor		Senate Committee		Senate difference from House:	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic discretionary:										
General Science & Research Activities.....	1,469	1,216	1,653	1,454	999	1,177	1,461	1,343	462	166
(Superconducting Super Collider).....	(484)	(252)	(650)	(453)	(34)	(207)	(550)	(413)	(516)	(206)
Energy Supply, R&D activities.....	2,962	2,690	3,188	3,005	2,948	2,897	2,972	2,908	24	11
Uranium Supply and Enrichment Activities.....	-233	-197	-254	-274	-127	-131	-141	-140	-14	-10
Nuclear Waste Disposal Fund.....	275	264	392	330	275	281	275	281	---	---
Power Marketing Administration.....	367	344	404	394	391	392	401	396	10	5
Los Alamos Meson Physics Facility	---	---	---	---	---	---	65	49	65	49
Office of Nuclear Safety	---	---	---	---	26	11	26	11	---	---
DOE--Departmental Administration.....	121	106	131	109	122	118	122	118	---	---
DOE--Office of Inspector General.....	31	30	30	30	30	30	30	30	---	---
Bureau of Reclamation (Interior).....	895	1,116	800	822	819	836	801	822	-18	-14
Army Corps of Engineers--Civil.....	3,610	3,425	3,542	3,525	3,664	3,580	3,633	3,546	-31	-35
Appalachian Regional Commission.....	190	117	100	133	185	140	190	140	5	•
Tennessee Valley Authority.....	135	117	101	107	135	115	135	115	---	---
All Other.....	34	19	18	11	30	23	30	20	•	-3
Total domestic discretionary.....	9,858	9,247	10,105	9,646	9,496	9,470	9,998	9,838	502	169
Defense discretionary:										
Weapons Activities.....	4,704	4,822	4,622	4,740	4,549	4,689	4,434	4,609	-115	-81
New Production Reactor.....	516	389	170	325	172	326	170	325	-2	-1
Defense Environ. Restor./Waste Management....	3,681	3,282	4,805	4,196	4,603	4,095	4,802	4,195	199	100
Material Production/Other Def. Programs.....	3,068	3,177	2,521	2,587	2,525	2,590	2,523	2,589	-3	-2
Defense Nuclear Waste Disposal Fund.....	---	---	---	---	---	---	100	42	100	42
Other, Defense Discretionary	12	15	13	13	13	13	13	13	---	•
Total defense discretionary.....	11,980	11,685	12,132	11,861	11,862	11,713	12,042	11,771	180	58
Total.....	21,835	20,932	22,237	21,507	21,358	21,183	22,040	21,409	681	227

Comparison of 602(b) Allocations:	House 602(b)		Senate 602(b)		House Floor Less House 602(b)		Senate Committee Less Senate 602(b)	
	BA	OL	BA	OL	BA	OL	BA	OL
Domestic.....	9,948	9,578	9,948	9,578	-452	-108	50	60
Defense.....	11,888	11,731	12,132	11,901	-26	•	-90	-130

*Less than \$500,000.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 31, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5373 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Byrd (D), West Virginia; Johnston (D), Louisiana)

This Statement of Administration Policy expresses the Administration's views on H.R. 5373, the Energy and Water Development Appropriations Bill, FY 1993, as reported by the Senate Appropriations Committee.

The Administration understands that an amendment may be offered that would place a complete moratorium on nuclear testing. The President's senior advisers would recommend that the bill be vetoed if such a provision were included in the bill.

Budget Priorities

The Administration is pleased that the Committee has restored funding for the Superconducting Super Collider (SSC). As discussed below and in the attachment, the Senate is urged to approve an environmental cleanup fee, and to reduce funding for the Tennessee Valley Authority (TVA) and for low-priority projects of the Army Corps of Engineers.

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The Administration appreciates Committee action to include funding for the SSC and would strongly oppose an amendment to delete the funding. Elimination of funding for the SSC would constitute a major retreat from U.S. leadership in superconductivity. This action would have highly adverse consequences for America's competitive position not only in science but in a number of important energy technologies.

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The Administration is continuing to review the appropriate BEA scoring of these activities, but currently classifies both of them as domestic spending.

Preliminary Scoring

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(in millions of dollars)

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Los Alamos Meson Physics Facility	---	---	---	---	---	---	65	49	85	49
Office of Nuclear Safety	---	---	---	---	26	11	---	11	---	---
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Defense Environ. Restor./Waste Management....	3,681	3,282	4,805	4,198	4,603	4,095	4,802	4,195	199	100
Material Production/Other Def. Programs.....	3,068	3,177	2,621	2,687	2,626	2,690	2,623	2,689	-3	-2
Defense Nuclear Waste Disposal Fund.....	---	---	---	---	---	---	100	42	100	42
Other, Defense Discretionary.....	12	16	13	13	13	13	13	13	---	0
Total defense discretionary.....	11,980	11,685	12,132	11,861	11,862	11,713	12,042	11,771	180	68
Total.....	21,835	20,932	22,237	21,507	21,359	21,183	22,040	21,409	681	227

Comparison of 802(b) Allocations:	House 802(b)		Senate 802(b)		House Floor Less House 802(b)		Senate Committee Less Senate 802(b)	
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Defense.....	11,888	11,731	12,132	11,901	-26	0	-90	-130

*Less than \$500,000.

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08/14/92 09:57

Attachment
(Senate Floor)

ADDITIONAL CONCERNS
H.R. 5373 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. FUNDING LEVELS

Department of Defense-Civil: ARMY CORPS OF ENGINEERS

- The Committee's funding of the Corps of Engineers program exceeds the President's budget request by over \$90 million. The Administration objects to the Committee's once again offsetting increased work by unrealistically inflating savings and slippage. By including this \$63 million financing gimmick, the Committee has masked the budgetary impact of its actions. This provision would make the already difficult job of managing the Corps program that much more difficult.

The savings and slippage would be subtracted from the amount allocated to individual projects. Local sponsors, who are now bearing a greater portion of project costs, would be required to finance some of the resultant project cost increases due to schedule delays caused by inadequate funding.

- The Administration is pleased that the Committee has funded the President's requested new construction starts -- in particular, the major rehabilitation new starts. These projects are aimed at protecting America's existing investments in infrastructure.

- The Administration is concerned that the Committee has reduced -- and in some cases eliminated -- requested funding for various programs of the Army Corps of Engineers. Instead, funding has been provided for lower priority activities.

The President's regulatory program budget request would provide for an increase in staffing to speed up the review and processing of regulatory permits. The Committee's funding reduction would only serve to decelerate regulatory permit processing. The research and development activities for which the Committee has reduced

funding would provide important analytical information needed to make wise environmental investments.

- The Administration objects to the Committee's deletion of 10 out of the 11 water resources project pre-construction engineering and design (PED) new starts contained in the President's budget request. Eight of the budgeted PEDs resulted from non-Federal, cost-shared feasibility studies. Cost-sharing reforms were accompanied by a number of agreements intended to assure local sponsors that cost-shared studies would be accorded high priority for funding.

Department of the Interior: Bureau of Reclamation

- The Administration objects to the Committee's failure to fund the proposed transfer of oversight responsibility for the Bureau of Indian Affairs (BIA) dam safety program to the Bureau of Reclamation.

The Administration first proposed this transfer in FY 1991 after the Department of the Interior Inspector General reported that the BIA had not effectively managed the program from either an engineering or financial standpoint. BIA has made some improvement in its dam safety program, as documented in a recent GAO report. Nevertheless, the Administration believes that the best engineering expertise for accomplishing this important function lies in the Bureau of Reclamation.

The Secretary of the Interior should be allowed to exercise his management discretion on how best to use the technical and management expertise of the Bureau of Reclamation to ensure the timely correction of serious safety deficiencies at a number of high-hazard BIA dams. Indian tribes would participate in implementing corrective actions on reservation dams, through contracts or, if a tribe chooses, through consultation.

Department of Energy

- The Administration objects to the Committee's \$5 million reduction from the request for the new Fermilab Main Injector for high energy physics research. Funding at requested levels for this crucial investment in the nation's science

infrastructure is needed to ensure America's competitive position in research and development in the future.

- The Committee report would shift \$25 million within the civilian portion of the Environmental Restoration and Waste Management (ERWM) program to provide additional funds for the operation of the Fast Flux Test Facility. The Administration has made every effort to ensure that funds are available in the ERWM program to meet all legally mandated schedules and milestones. Shifting funds to reactor operations could cause the Department of Energy to miss milestones that are enforceable under the terms of compliance agreements. These are agreements that the Department has signed with EPA and State regulatory agencies.
- The Committee bill funds all line items in the Multiprogram Energy Laboratories-Facility Support activity at the levels requested by the President and then reduces the activity overall by \$20 million. With this provision, the Department of Energy would be unable to delete individual projects and would be forced to stretch the completion schedule for all projects.
- The Administration objects to the Committee's failure to fund the Presidential initiative (\$10 million) to develop technology and systems for Moon and Mars exploration.

Other Independent Agencies

- Tennessee Valley Authority (TVA). The Committee bill would increase funding for TVA by 34 percent over the Administration's request. The increase would continue rural development activities that should be conducted by State or local governments. Further, this unwarranted increase in funding would maintain funding for fertilizer activities that the Administration believes should be made self-supporting.

B. LANGUAGE PROVISIONS

Department of Defense-Civil: Army Corps of Engineers

- Many of the low-priority studies and construction projects contained in the Committee bill have specific funding levels and features prescribed in

bill language. This would reduce programmatic flexibility and place an unfair financial burden on other projects when savings and slippage is allocated.

- The Administration objects to language that would require the Secretary of the Army to place one-half of the Federal hopper dredge fleet in standby status for a one-year period. The Administration shares the Committee's desire to make more work available for competitive bidding by the private sector. However, keeping two Federal dredges in standby status would still entail Federal crew and maintenance costs, while at the same time contracting out the work that these dredges would otherwise perform. This would reduce the amount of dredging the Corps could finance with fixed FY 1993 appropriations and would result in only a small increase in the total amount of private sector dredging.

The Administration stands ready to work with the Committee to reduce the costs of the dredging program and to promote competition within the program in a way that avoids the high cost of keeping Federal dredges in a standby status.

Department of Energy

- The Administration objects to Committee report language stating that a minimum of one FTE per \$2.5 million of budget authority shall be allocated to the Department of Energy's (DOE's) Office of Environmental Restoration and Waste Management. This represents Congressional intrusion on Presidential prerogatives to set employment levels.
- The Administration objects to the Committee's directing DOE to select competitively a commercial deployment contractor for the AVLIS Uranium Enrichment project. The Committee directs DOE to have this contractor on line by April 1, 1993, and to have this contractor direct several pre-deployment activities. Until the outcome of restructuring legislation is determined, the Administration believes that it is inappropriate for the Committee to be directing DOE to perform pre-deployment activities.
- The Administration objects to section 304 of the Committee bill, which would establish certain racial, ethnic, and gender criteria for businesses and other organizations seeking Federal funding

for the development, construction, and operation of the Superconducting Super Collider. A Congressional grant of Federal money or benefits based solely on the recipient's race, ethnicity, or gender is presumptively unconstitutional under the equal protection standards of the Constitution.

The Supreme Court has held that race or gender preferences violate the Constitution unless they are substantially related to the accomplishment of important goals. The provisions of the bill that employ racial, ethnic, or gender criteria would withstand constitutional scrutiny only if there were sufficient evidence to meet this exacting standard.

General Provisions

- The Administration objects to the language of section 505 of the Committee bill, which would bar the use of appropriated funds to conduct certain studies of the pricing of hydroelectric power. In signing the FY 1991 and FY 1992 Energy and Water Development Appropriations Bills, the President objected to language identical to the language in section 505 on constitutional grounds. The Constitution grants the President the authority to recommend to the Congress any legislative measures considered "necessary and expedient." Any restrictions on studies would be interpreted so as not to limit the President's ability to carry out his constitutional responsibilities.



June 17, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5373 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Beville (D), Alabama)

This Statement of Administration Policy expresses the Administration's views on the Energy and Water Development Appropriations Bill, as reported by the Committee.

The Administration strongly objects to section 507 of the Committee bill, which would impose a one-year moratorium on the testing of nuclear weapons. The stability of the world and the secure position of the United States are safeguarded by our possession of a credible nuclear deterrent. Underground nuclear testing provides an essential element in maintaining the credibility of this deterrent. A moratorium would postpone safety improvements for our nuclear weapons and preclude assessment of the reliability of the existing inventory.

The Administration objects to the Committee's reductions of \$166 million from the President's request for the Superconducting Super Collider and \$15 million from the request for the new Fermilab Main Injector for high energy physics research. Funding at requested levels for these crucial investments in the nation's science infrastructure is needed to ensure America's competitive position in research and development in the future.

The reduction in funding for the Superconducting Super Collider would result in the same funding level as in FY 1992. A budget freeze would risk forfeiting U.S. international leadership and would delay the schedule by as much as a year. The Department of Energy estimates that the reduced funding level for the Fermilab Injector would cause a delay of seven months.

The Administration strongly opposes an amendment expected to be offered to strike all funds for the Superconducting Super Collider. Its adoption would constitute a major retreat from U.S. leadership in superconductivity -- with highly adverse consequences to America's competitive position not only in science but in a number of important energy technologies.

The Committee has rejected the Administration's proposal for an environmental cleanup fee that would generate \$183 million in receipts. This fee would require owners or operators of domestic nuclear power reactors to share in the cost of environmental cleanup of the uranium enrichment enterprises. Without this user fee, the taxpayers would be forced to pay 100% of this cleanup cost.

The Administration is concerned that the reduction of \$117 million from requested funding for the Nuclear Waste Disposal Fund would delay geological studies at the Yucca Mountain site that are required to construct and operate a nuclear waste management system. Permits have been obtained to begin work on the repository, and the Committee's action would unnecessarily delay planned construction.

The Administration objects to the shift of \$25 million within the civilian portion of the Environmental Restoration and Waste Management (ERWM) program to provide additional funds for the operation of the Fast Flux Test Facility. The Administration has made every effort to ensure that funds are available in the ERWM program to meet all legally mandated schedules and milestones. Shifting funds to reactor operations could cause the Department of Energy to miss milestones that are legally enforceable under the terms of compliance agreements that the Department has signed with both EPA and State regulatory agencies.

The Administration is concerned that the Committee has reduced -- and in some cases eliminated -- requested funding for various programs of the Army Corps of Engineers, while funding lower priority activities. These reductions include \$6.6 million for the regulatory program, which would increase delays in the granting of Section 404 permits, and \$13 million for magnetically-levitated transportation systems.

The House is urged to consider reducing those items for which funding was provided in excess of the President's request so that funding can be provided for the items discussed above. In addition to approving the environmental cleanup fee, the House is urged to consider decreases in funding for the Tennessee Valley Authority and lower priority projects of the Army Corps of Engineers.

Finally, the Administration objects to the language of section 505, which would bar the use of appropriated funds to conduct certain studies of the pricing of hydroelectric power. In signing the FY 1991 and FY 1992 Energy and Water Appropriations Bills, the President objected to language identical to the language in section 505 on constitutional grounds. The Constitution grants the President the authority to recommend to the Congress any legislative measures considered "necessary and expedient." Any restrictions on studies would be interpreted so as to not limit the President's ability to carry out his constitutional responsibilities.

On the basis of our initial scoring of the bill, the Committee's recommendations are within the House 602(b) allocation for domestic discretionary budget authority, but exceed the outlay allocation by \$69 million. The Committee recommendations for defense items are within the House 602(b) allocations. The House 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.

Attached is a table that reflects preliminary OMB scoring of the Committee bill.

Attachment

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1993
(in millions of dollars)

1-92
12:12 AM
BRB:DFL
EW2A-FR.WIC3

Major Programs	FY 1992 Enacted		FY 1993 Budget		House Committee**		House Committee difference from:			
							Enacted		Budget Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic discretionary:										
General Science & Research Activities.....	1,469	1,216	1,653	1,455	1,449	1,357	-20	141	-204	-97
(Superconducting Super Collider).....	(484)	(252)	(650)	(453)	(484)	(387)	---	(135)	(-166)	(-66)
Energy Supply, R&D activities.....	2,962	2,690	3,188	3,005	2,948	2,897	-14	207	-241	-108
Uranium Supply and Enrichment Activities.....	-233	-197	-254	-274	-127	-131	107	66	127	144
Nuclear Waste Disposal Fund.....	275	264	392	330	275	281	---	17	-117	-49
Power Marketing Administration.....	367	344	404	394	391	392	24	48	-13	-2
DOE--Departmental Administration.....	121	106	131	109	143	130	22	25	12	21
DOE--Office of Inspector General.....	31	30	30	30	30	30	---	---	---	---
Bureau of Reclamation (Interior).....	895	1,116	800	822	819	836	-75	-279	19	14
Army Corps of Engineers--Civil.....	3,610	3,425	3,542	3,525	3,664	3,580	54	155	122	55
Appalachian Regional Commission.....	190	117	100	133	185	140	-5	23	85	7
Tennessee Valley Authority.....	135	117	101	107	135	115	---	-2	34	8
All Other.....	34	19	18	10	30	19	-4	0	13	9
Total domestic discretionary.....	9,856	9,247	10,105	9,646	9,942	9,647	87	400	-162	2
Defense discretionary:										
Weapons Activities.....	4,704	4,822	4,757	4,835	4,549	4,689	-155	-133	-208	-146
New Production Reactor.....	516	389	154	313	172	326	-344	-63	18	13
Defense Environ. Restor./Waste Management.....	3,681	3,282	4,610	4,098	4,603	4,095	922	813	-7	-3
Material Production/Other Def. Programs.....	3,068	3,177	2,598	2,641	2,551	2,608	-517	-569	-47	-33
Other, Defense Discretionary 1/.....	12	15	13	13	13	13	2	-3	---	---
Total defense discretionary.....	11,980	11,685	12,132	11,901	11,887	11,731	-92	46	-244	-170
Total.....	21,835	20,932	22,236	21,546	21,831	21,140	-5	208	-406	-406

1/ Estimates do not reflect a budget amendment currently being negotiated between DOE and OMB. The amendment will shift funds between accounts in both domestic and defense discretionary categories, but will net to zero in each category.

	House 602(b):		House Committee Less 602(b):	
	BA	OL	BA	OL
Domestic	9,948	9,578	-6	69
Defense	11,888	11,731	-1	..

*Less than \$500,000.

** Scoring of House Committee is preliminary.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

June 16, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5373 -- ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Bevill (D), Alabama)

This Statement of Administration Policy expresses the Administration's views on the Energy and Water Development Appropriations Bill, as reported by the Committee.

The Administration strongly objects to section 507 of the Committee bill, which would impose a one-year moratorium on the testing of nuclear weapons. The stability of the world and the secure position of the United States are safeguarded by our possession of a credible nuclear deterrent. Underground nuclear testing provides an essential element in maintaining the credibility of this deterrent. A moratorium would postpone safety improvements for our nuclear weapons and preclude assessment of the reliability of the existing inventory.

The Administration objects to the Committee's reductions of \$166 million from the President's request for the Superconducting Super Collider and \$15 million from the request for the new Fermilab Main Injector for high energy physics research. Funding at requested levels for these crucial investments in the nation's science infrastructure is needed to ensure America's competitive position in research and development in the future.

The reduction in funding for the Superconducting Super Collider would result in the same funding level as in FY 1992. A budget freeze would risk forfeiting U.S. international leadership and would delay the schedule by as much as a year. The Department of Energy estimates that the reduced funding level for the Fermilab Injector would cause a delay of seven months.

The Administration would strongly oppose an amendment that may be offered to strike all funds for the SSC. Its adoption would constitute a major retreat from U.S. leadership in superconductivity -- with highly adverse consequences to America's competitive position not only in science but in a number of important energy technologies.

The Committee has rejected the Administration's proposal for an environmental cleanup fee that would generate \$183 million in receipts. This fee would require owners or operators of domestic nuclear power reactors to share in the cost of environmental cleanup. Without this user fee, the taxpayers would be forced to pay 100% of this cleanup cost.

The Administration is concerned that the reduction of \$117 million from requested funding for the Nuclear Waste Disposal Fund would delay geological studies at the Yucca Mountain site that are required to construct and operate a nuclear waste management system. Permits have been obtained to begin work on the repository, and the Committee's action would unnecessarily delay planned construction.

The Administration objects to the shift of \$25 million within the civilian portion of the Environmental Restoration and Waste Management (ERWM) program to provide additional funds for the operation of the Fast Flux Test Facility. The Administration has made every effort to ensure that funds are available in the ERWM program to meet all legally mandated schedules and milestones. Shifting funds to reactor operations could cause the Department of Energy to miss milestones that are legally enforceable under the terms of compliance agreements that the Department has signed with both EPA and State regulatory agencies.

Finally, the Administration is concerned that the Committee has reduced -- and in some cases eliminated -- requested funding for various programs of the Army Corps of Engineers, while funding lower priority activities. These reductions include \$6.6 million for the regulatory program, which would increase delays in the granting of Section 404 permits, and \$13 million for magnetically-levitated transportation systems.

The House is urged to consider reducing those items for which funding was provided in excess of the President's request so that funding can be provided for the items discussed above. In addition to approving the environmental cleanup fee, the House is urged to consider decreases in funding for the Tennessee Valley Authority and lower priority projects of the Army Corps of Engineers.

On the basis of our initial scoring of the bill, the Committee's recommendations are within the House 602(b) allocation for domestic discretionary budget authority, but exceed the outlay allocation by \$69 million. The Committee recommendations for defense items are within the House 602(b) allocations. The House 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.

Attached is a table that reflects preliminary OMB scoring of the Committee bill.

Attachment

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, FY 1993
(in millions of dollars)

16
09:16 AM
BRB:DFL
EW2A-FR.WK3

Major Programs	FY 1992 Enacted		FY 1993 Budget		House Committee**		House Committee difference from:			
							Enacted		Budget Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic discretionary:										
General Science & Research Activities.....	1,469	1,216	1,653	1,455	1,449	1,357	-20	141	-204	-97
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Other, Defense Discretionary 1/.....	12	15	13	13	13	13	2	-3	---	---
Total defense discretionary.....	11,980	11,685	12,132	11,901	11,887	11,731	-92	46	-244	-170
Total.....	21,835	20,932	22,236	21,546	21,831	21,140	-5	208	-406	-406

1/ Estimates do not reflect a budget amendment currently being negotiated between DOE and OMB. The amendment will shift funds between accounts in both domestic and defense discretionary categories, but will net to zero in each category.

House 602(b):	BA	OL
Domestic	9,948	9,578
Defense	11,888	11,731

** Scoring of House Committee is preliminary.



July 17, 1992 (SENT 7/21/92)
 (House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5377 - Cash Management Improvement Act Amendments of 1992 (Conyers (D) Michigan and 57 others)

The Administration will support enactment of H.R. 5377 if its loss in receipts is offset for purposes of the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA). The Administration recommends that its proposed "Federal Credit and Debt Management Act of 1992," transmitted to Congress on June 30th, be added to H.R. 5377 to provide the necessary offset. Any of the offsets proposed in the President's FY 1993 Budget would also be acceptable.

If H.R. 5377 is presented to the President without an acceptable offset (either in the bill or from available balances of pay-as-you-go offsets), his senior advisors will recommend a veto.

Pay-As-You-Go Scoring

H.R. 5377 would reduce receipts; therefore, it is subject to the pay-as-you-go requirement of OBRA. No offsets to the reduction in receipts are provided in the bill. A budget point of order applies in both the House and senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the House waives any such point of order that applies against H.R. 5377, the effects of enactment of this legislation would be included in a look back pay-as-you-go sequester report at the end of the Congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5377 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to the Congress.

ESTIMATES FOR PAY-AS-YOU-GO (\$ in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1992-97</u>
Outlays	--	+75	-31	--	--	--	+44

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 29, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5429 - Social Security Administration Independence Act (Jacobs (D) IN)

H.R. 5429 would establish the Social Security Administration (SSA) as an independent agency outside the Department of Health and Human Services (HHS). The bill is unnecessary, would adversely affect the most vulnerable in our society, and, as currently drafted, contains unconstitutional provisions. If H.R. 5429 were presented to the President, the Secretary of the Department of Health and Human Services and the Attorney General would recommend a veto.

The Administration opposes any effort to make the Social Security Administration a separate entity from HHS. There is no justification for changing the status of SSA. According to independent surveys, Americans are extremely satisfied with the service SSA provides. Social Security and health care programs are integrally bound together. SSA has become a gateway for senior citizens to access programs throughout HHS, including Medicare, Medicaid, and other programs providing services to older Americans. H.R. 5429 would cause a breakdown in this system. The public -- including the elderly, the blind, the disabled, children, and the poor -- would lose the benefit of having an array of Federal and State services available to them in one strong, responsive entity -- HHS.

In addition, provisions of H.R. 5429, in its current form, are unconstitutional because they would:

- Limit the President's power to remove the three-member Social Security Board proposed by the bill. H.R. 5429 provides that board members can be removed only for "neglect of duty or malfeasance in office." Such a restriction is designed to limit the President's ability to supervise the Board and is therefore unconstitutional.
- Place restrictions on the President's discretion in selecting the members of the Board and in submitting nominations to the Senate. In addition, the bill's provisions vesting authority in the Board to appoint individuals to a number of positions in SSA are inconsistent with the Appointments Clause of the Constitution.

- Require the President to submit to Congress without change SSA's annual budget as well as exempt SSA from normal budgetary and apportionment review of the Executive Branch. The President's authority to assure that SSA, an Executive branch agency, operates within available resources and uses its resources effectively would be impermissibly impaired.

In addition, H.R. 5429 is ill-conceived because many of the day-to-day functions of operating SSA are performed cooperatively with HHS. These functions include personnel management services, complete payroll services, budget preparation and execution services, accounting services, management services, Freedom of Information Act administration, and legal services, including litigation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 30, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5488 -- TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi, Roybal (D), California)

This Statement of Administration Policy expresses the Administration's views on the Treasury, Postal Service and General Government Appropriations Bill, FY 1993, as reported by the Committee.

The Administration commends the Committee for adequately funding several important governmental functions, including the U.S. Customs Service and the Tax System Modernization program within the Internal Revenue Service. The Administration also commends the Committee for including language in the bill that would require the Postal Service to pay the full Federal Employees Health Benefits (FEHB) Program and Civil Service Retirement costs for certain annuitants.

Nevertheless, the Administration has serious concerns about several aspects of the bill. In particular, the President's senior advisers would recommend that the President veto the bill if it contains language approved by the Committee that prohibits use of funds in the bill for the President's Council on Competitiveness or any successor organization. These issues are discussed in more detail below.

Restrictions on Regulatory Review

An amendment adopted in Committee would prohibit the use of funds in the bill for the President's Council on Competitiveness or any successor organization. If it were enacted, the amendment would represent a highly objectionable encroachment on the ability of the President and the Vice President to discharge their constitutional responsibilities. The Administration strongly supports the McDade amendment to strike this objectionable provision.

The President has made regulatory reform a top Administration priority. The Council on Competitiveness has worked to ensure that the benefits of health, environmental, and safety regulations are delivered to the American public in the most efficient, effective manner. The President's Regulatory Reform Initiative directed the Council to lead the effort in implementing reforms to stop government regulations that would slow the economy and to accelerate the implementation of regulations that promote economic growth. These efforts are critical in a time of economic recovery. Reforms completed in the first 90 days of this effort will reduce private-sector costs by an estimated \$15 to \$20 billion per year.

The President's Council on Competitiveness is critical in helping to ensure that the Executive Branch carries out its regulatory activities with efficiency and in a manner designed to protect the public welfare. The elimination of funding for the Council would restrict a core function of the Presidency, namely the President's authority to select advisers to assist in supervising the Executive Branch. For these reasons, the President's senior advisers would recommend that the President veto the bill if it contains such a restrictive provision.

Postal Service Revenue Foregone

The Committee has allocated \$200 million in FY 1993 for payments to the Postal Service Fund for revenue foregone. Although this proposed reduction in Federal payments for subsidized postage rates for selected groups is \$78 million above the President's request, it is a good first step, particularly if combined with real program reforms.

We understand the Committee's preference to await expected authorization committee action to enact reforms to eliminate current abuses. Lacking such reforms, however, we are concerned that the proposed language preventing a reduction in actual postage subsidies would simply shift the funding of these subsidies. Specifically, funding would be shifted from the discretionary Federal revenue foregone account to the off-budget, mandatory Postal Service fund account. We are currently reviewing the scoring implications of these provisions.

Limitation on Changes to Federal Health Benefits Plan

The bill's restrictions on the negotiating authority of the Office of Personnel Management (OPM) would cause total FEHB premiums for Federal and postal employees and annuitants to rise by \$272 million in calendar year 1993 alone. The Administration proposes to reduce FEHB payments to doctors and to introduce modest cost-sharing for those FEHB annuitants for whom the Federal government pays 100 percent of prescription drug costs. Preventing those actions would raise Federal agency costs by as much as \$1.2 billion over a five-year period, would increase Federal payments to physicians, and would increase premiums for all FEHB enrollees.

For the preceding reasons, we urge that the restrictions on the negotiating authority of OPM be deleted from the bill.

Public Building Projects

The Committee bill contains a number of new public buildings construction projects as well as repair and alteration projects that are not needed. Such projects include three projects in Atlanta, Georgia, for the Centers for Disease Control; in Hammond, Indiana, for a Federal courthouse; in Newark, New Jersey, for a parking facility; and in San Francisco, California, for a new Federal building. Appropriation of funds in FY 1993 for these projects is not warranted.



June 29, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5488 -- TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1993

(Sponsors: Whitten (D), Mississippi, Roybal (D), California)

This Statement of Administration Policy expresses the Administration's views on the Treasury, Postal Service and General Government Appropriations Bill, FY 1993, as reported by the Committee.

The Administration commends the Committee for adequately funding several important governmental functions, including the U.S. Customs Service and the Tax System Modernization program within the Internal Revenue Service. The Administration also commends the Committee for including language in the bill that would require the Postal Service to pay the full Federal Employees Health Benefits (FEHB) Program and Civil Service Retirement costs for certain annuitants.

Nevertheless, the Administration has serious concerns about several aspects of the bill. In particular, the President's senior advisers would recommend that the President veto the bill if it contains language approved by the Committee that prohibits use of funds in the bill for the President's Council on Competitiveness or any successor organization. These issues are discussed in more detail below.

Restrictions on Regulatory Review

An amendment adopted in Committee would prohibit the use of funds in the bill for the President's Council on Competitiveness or any successor organization. If it were enacted, the amendment would represent a highly objectionable encroachment on the ability of the President and the Vice President to discharge their constitutional responsibilities. The Administration strongly supports an amendment to strike this objectionable provision.

The President has made regulatory reform a top Administration priority. The Council on Competitiveness has worked to ensure that the benefits of health, environmental, and safety regulations are delivered to the American public in the most efficient, effective manner. The President's Regulatory Reform Initiative directed the Council to lead the effort in implementing reforms to stop government regulations that would slow the economy and to accelerate the implementation of regulations that promote economic growth. These efforts are critical in a time of economic recovery. Reforms completed in the first 90 days of this effort will reduce private-sector costs by an estimated \$15 to \$20 billion per year.

The President's Council on Competitiveness is critical in helping to ensure that the Executive Branch carries out its regulatory activities with efficiency and in a manner designed to protect the public welfare. The elimination of funding for the Council would restrict a core function of the Presidency, namely the President's authority to select advisers to assist in supervising the Executive Branch. For these reasons, the President's senior advisers would recommend that the President veto the bill if it contains such a restrictive provision.

Postal Service Revenue Foregone

The Committee has allocated \$200 million in FY 1993 for payments to the Postal Service Fund for revenue foregone. Although this proposed reduction in Federal payments for subsidized postage rates for selected groups is \$78 million above the President's request, it is a good first step, particularly if combined with real program reforms.

We understand the Committee's preference to await expected authorization committee action to enact reforms to eliminate current abuses. Lacking such reforms, however, we are concerned that the proposed language preventing a reduction in actual postage subsidies would simply shift the funding of these subsidies. Specifically, funding would be shifted from the discretionary Federal revenue foregone account to the off-budget, mandatory Postal Service fund account. We are currently reviewing the scoring implications of these provisions.

Limitation on Changes to Federal Health Benefits Plan

The bill's restrictions on the negotiating authority of the Office of Personnel Management (OPM) would cause total FEHB premiums for Federal and postal employee annuitants to rise by \$272 million in calendar year 1993 alone. The Administration proposes to reduce FEHB payments to doctors and to introduce modest cost-sharing for those FEHB annuitants for whom the Federal government pays 100 percent of prescription drug costs. Preventing those actions would raise Federal agency costs by as much as \$1.2 billion over a five-year period, would increase Federal payments to physicians, and would increase premiums for all FEHB enrollees.

For the preceding reasons, we urge that the restrictions on the negotiating authority of OPM be deleted from the bill.

Public Building Projects

The Committee bill contains a number of new public buildings construction projects as well as repair and alteration projects that are not needed. Such projects include three projects in Atlanta, Georgia, for the Centers for Disease Control; in Hammond, Indiana, for a Federal courthouse; in Newark, New Jersey, for a parking facility; and in San Francisco, California, for a new Federal building. Appropriation of funds in FY 1993 for these projects is not warranted.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 9, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5488 -- TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1993

(Sponsors: Byrd (D), West Virginia; DeConcini (D), Arizona)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 5488, the FY 1993 Treasury, Postal Service and General Government Appropriations Bill, as reported by the Senate Appropriations Committee.

In his FY 1993 Budget, the President proposed to freeze domestic discretionary spending at FY 1992 levels, and to cut defense discretionary spending below the FY 1992 level. The President has stated that he will veto any bill that exceeds his request. On the basis of OMB's preliminary scoring, the version of H.R. 5488 reported by the Senate Appropriations Committee exceeds the President's request for discretionary budget authority by \$355 million. If the bill presented to the President were to exceed his request for discretionary budget authority of \$11,085 million, the President would veto the bill. Attached is a table that provides OMB's preliminary scoring of the bill.

The remainder of this statement discusses other Administration concerns with H.R. 5488 as reported by the Senate Appropriations Committee. The discussion addresses the Administration's priorities for program funding and provides suggestions that would lead to the development of a bill that the President could sign. The Administration urges the Senate to consider these views.

Council on Competitiveness

The Administration strongly supports the Committee action to strike language of the House bill that would prohibit the use of funds in the bill for the President's Council on Competitiveness or any successor organization. The Administration understands that an amendment may be offered that would restore the prohibition. Should such an amendment be adopted, the President's senior advisers would recommend that the President veto the bill.

The President has made regulatory reform a top Administration priority. The Council on Competitiveness has worked to ensure that the benefits of health, environmental, and safety regulations are delivered to the American public in the most efficient, effective manner.

The President's Regulatory Reform Initiative directed the Council to lead the effort in implementing reforms. These reforms are designed to stop government regulations that would slow the economy and to accelerate the implementation of regulations that promote economic growth. This effort is critical in a time of economic recovery. Reforms completed in the first 90 days of this effort will reduce private sector costs by an estimated \$15 to \$20 billion annually. The Council on Competitiveness is essential in helping to ensure that the Executive Branch carries out its regulatory activities with efficiency and in a manner designed to protect the public welfare.

If enacted, an amendment to eliminate funding for the Council would restrict a core function of the Presidency, namely the President's authority to select advisers to assist in supervising the Executive Branch. Such an amendment would represent a highly objectionable encroachment on the ability of the President and the Vice President to discharge their constitutional responsibilities.

Office of National Drug Control Policy (ONDCP)

The Administration would oppose any unwarranted expansion of restrictions on political activity by the Director of ONDCP and certain other ONDCP staff. The Administration understands that an amendment may be offered that would, contrary to the Hatch Act, prohibit the four ONDCP officials who are appointed by the President, with Senate confirmation, from participating in political activity. Currently, all other ONDCP staff are subject to the Hatch Act restrictions placed on virtually all Federal employees.

Singling out the President's top drug policy advisers would be unprecedented. No other officials of equivalent rank and responsibilities are subject to such restrictions. Should such an amendment be adopted, the President's senior advisers would recommend that the President veto the bill.

The Administration also strongly objects to the reductions in both funding and staff for the ONDCP. The Committee's actions would reduce total funding by over \$1 million and Schedule C and non-career Senior Executive Service staff positions by 20 percent.

Department of the Treasury

The Administration objects to language provisions of the bill that would severely constrain the Department of the Treasury's ability to manage its activities. Language directing field offices of the Criminal Investigations Division (CID) of the Internal Revenue Service (IRS) to bypass regional offices and report directly to the national CID office is especially objectionable. This mandate would inhibit the ability of the IRS, at the regional level, to develop balanced policies that adequately address the diverse responsibilities of the IRS.

Section 629 of the bill would expand the law enforcement authority of agents of the Office of Foreign Assets Control. Unless this section is removed or modified acceptably, the Attorney General will recommend a veto of the bill because this section would interfere impermissibly with his responsibility to manage the investigation and prosecution of violations of Federal law.

The Committee has recommended a \$100.5 million reduction from the request for Information Systems within IRS. This substantial reduction would prevent the IRS from replacing antiquated ADP equipment and would slow implementation of Tax System Modernization. As a consequence, IRS service to the taxpayers would be eroded, and productivity savings in IRS operations would be delayed.

The Administration opposes the Committee's \$5 million reduction to the President's request for the Financial Management Service. This reduction would seriously hamper government-wide implementation of the Chief Financial Officers Act. The reduction would also thwart efforts to correct long-standing deficiencies and to improve Federal cash, credit, and financial management government-wide.

Postal Service Revenue Foregone

The Committee allocates \$200 million in FY 1993 for payments to the Postal Service Fund for revenue foregone, \$270 million below the FY 1992 level. This proposed reduction in Federal payments for subsidized postage rates for selected groups would still result in a funding level \$78 million above the President's request. However, it is a good first step, particularly if combined with real program reforms. The Administration urges the Senate to approve the Postal Service reforms proposed in the President's FY 1993 Budget.

Health and Retirement Benefits

Several actions taken by the Committee related to retirement and health benefits for Federal workers are of concern to the Administration. The bill contains restrictions on the negotiating authority of the Office of Personnel Management (OPM). These restrictions would cause total Federal Employees Health Benefits (FEHB) Program premiums for Federal and postal employees and annuitants to rise by \$272 million in calendar year 1993 alone.

The Administration proposes to reduce FEHB payments to doctors and to move toward uniform drug co-payment terms for all enrollees. Preventing these actions would raise Federal agency costs by as much as \$1.2 billion over a five-year period, would increase Federal payments to physicians, and would increase premiums for all FEHB enrollees. Increased outlays of \$75 million in FY 1993 and additional sums in FY 1994 are included in OMB's scoring of this limitation on OPM's administrative authority.

The Administration opposes the Committee's deletion of requested language that would require the Postal Service to make payments toward the full FEHB Program and Civil Service Retirement costs for certain Postal Service annuitants. This action increases outlays by \$315 million in FY 1993.

For the preceding reasons, the Administration urges the Senate to delete the restrictions on the negotiating authority of OPM. In addition, the Administration urges adoption of language that would require the Postal Service to complete its payments toward the full costs of health and retirement benefits for certain Postal Service annuitants.

Public Building Projects

The bill directs that \$200 million previously appropriated for the Food and Drug Administration (FDA) be used for construction of facilities in Beltsville, Maryland; purchase of 565 acres of land in Maryland; and design of new facilities. The Administration strongly opposes this language as it is contrary to the plan the Administration proposed at the Committee's request. The Administration's plan for FDA proposes the use of government-owned land and envisions using the \$200 million for design and construction. The plan does not currently include the purchase of private land.

The bill would also provide unrequested funding for additional public-building construction and capital-improvement projects of the General Services Administration. The Administration urges the Senate to delete projects that are not priority needs at this time. The bill would authorize unrequested projects at the expense of high-priority projects.

Scoring Issues

OMB has preliminarily classified as domestic spending two programs that the Committee has assumed to be defense spending: the U.S. Customs Service's P-3 aircraft operation and maintenance program (\$28 million); and the ONDCP's research and development program of the Counter-Drug Technology Assessment Center (\$20 million).

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachments

ADDITIONAL CONCERNS
H.R. 5488 -- TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of the Treasury

Internal Revenue Service (IRS). The Administration believes that the Committee's reduction of \$17 million in Tax Law Enforcement would undermine efforts to increase revenues through audits of high-asset taxpayers. The Administration also opposes the \$15 million reduction to the request for Returns Processing and Taxpayer Service, which is taken in addition to the \$11 million included in the President's budget for productivity savings. This substantially reduced funding level would leave the IRS without additional funds to meet the needs of new taxpayers.

Inspector General. The Committee's reduction of \$1.3 million to the request for the Inspector General (IG) account would eliminate funding for the Inspector General Auditor Training Institute. This one-time request would provide funding for establishment of a government-wide training institute for IG auditors from all Federal agencies. In addition to basic auditor training, specialized training would be offered in financial management. Future costs of the Institute would be supported through tuition charges and reimbursement from agency IGs. The Senate is urged to restore funding for the Institute.

U.S. Customs Service. The Committee has ignored all but one of the initiatives proposed for the Customs Service. The Administration worked closely with Treasury and the Customs Service to develop these initiatives, which represent the most urgent requirements given budgetary constraints. They include such priority items as: improvements to internal controls, efforts to address Southwest Border corruption, and money laundering.

While failing to fund these important initiatives, the Committee has chosen, instead, to fund inspector positions for Southwest Border ports currently under construction or expansion. The Administration recognizes that staffing requirements will develop for these ports in the future. Customs has considerable flexibility, however, to shift inspectors from areas of lower threat or declining workload. In addition, some of the locations cited will not be completed by FY 1993.

With regard to Customs staff increases at Southwest Border ports, both Customs and the Immigration and Naturalization Service (INS) officials monitor the primary lanes at land-border ports. According to testimony by the General Accounting Office, an increase in Customs inspectors, without a commensurate increase in INS staff, would not necessarily facilitate border crossing.

The Committee has earmarked \$1 million for Customs inspectors at the Honolulu airport and has imposed other staffing requirements at numerous other ports. This type of micromanagement would severely hamper Customs' ability to allocate its resources efficiently.

The Committee has divided the Customs air and marine operation and maintenance account into three components. The Administration objects to the creation of a new account strictly for the operation and maintenance of Customs P-3 surveillance aircraft. This funding arrangement would reduce Customs' flexibility to manage its programs effectively. Under certain circumstances, this could threaten conduct of missions should the level of P-3 activity suddenly change.

Administering the Public Debt. With the Committee's \$6.6 million reduction, the Bureau of Public Debt would lack sufficient computer capacity to expand the use of automated systems to replace labor intensive, paper-driven processes. The reduction would bring the Bureau short of its goal of achieving compatibility with the Federal Reserve's mainframe computer. Necessary financial management system improvements would not be made. In addition, the Savings Bonds Division's Project FASTdata would be postponed as a result of this reduction.

Office of Personnel Management:

Administrative Expenses. The Administration objects to the Committee's \$4 million reduction to the request for administrative expenses for civil service retirement and health and life insurance benefit programs. The reduction would cause cutbacks in services to active and retired Federal employees. Cutbacks would result in delayed settlement of claims, less timely processing of retirement checks and inquiries, and a reduced capacity to resolve disputes between enrollees and health insurers.

Office of the Inspector General. The Committee has reduced funding requested for the Office of the Inspector General within OPM by \$1.2 million. This would make it impossible to perform audits of agency financial statements mandated under the Chief Financial Officers (CFOs) Act of 1990. The Administration opposes these reductions, which would obstruct implementation of the CFOs Act.

Merit Systems Protection Board (MSPB). The Committee's \$486 thousand funding reduction would make it extremely difficult for the MSPB to carry out its responsibilities under the Whistleblower Protection Act and to hear employee appeals in a timely fashion.

B. Language Provisions

Department of Treasury. The Administration objects to language provisions that specify levels of staff and activity for programs in the Bureau of Alcohol, Tobacco, and Firearms; the IRS; and the U.S. Customs Service. This type of micromanagement severely hampers an agency's ability to manage its programs efficiently.

Internal Revenue Service. The Committee bill places a ceiling on resources for the Information Reporting Program under Tax Law Enforcement. Though it would have only a minor effect, this ceiling is unwarranted. This program is highly cost-effective and provides the major form of enforcement coverage for individual classes of taxpayers. Perceptions that it unfairly targets lower-income taxpayers are not supported by IRS statistics.

Contrary to perception, this program naturally focuses on higher-income individuals, who are more likely to have dividend and interest income. To increase high-asset audits, the Committee is encouraged to fund fully the Administration's request for initiatives under Tax Law Enforcement.

General Services Administration (GSA). The Committee bill would direct the Public Buildings Service to enter into a 27-year lease on a building to be constructed by the Atlanta Downtown Development Corporation. The Administration opposes this expansion of leasing authority, which could potentially cause this project to be scored as a capital lease, and the lack of competition this language would direct.

FTS2000. The Administration objects to the Committee's deletion of section 622 regarding the mandatory use of the FTS2000 program. Section 622 would ensure that legislated mandatory use continues beyond March 1993 only if the program is cost-effective.

Office of Personnel Management. The Administration objects to language requiring OPM to spend \$1 million of its Salaries and expenses appropriation for the establishment of health promotion and disease prevention programs for Federal employees. This provision would impair OPM's ability to implement locality pay and a new pay-for-performance system, both of which are mandated by the Federal Employees Pay Comparability Act of 1990.

Resolution Trust Corporation (RTC). The Administration opposes report language that grants Federal agencies preferential treatment in sales of RTC properties. This action could complicate and delay the RTC's asset disposition process, thereby resulting in added costs.

Section 521 prohibits the use of funds to reduce the rank or rate of pay of a career appointee in the SES upon reassignment or transfer. The Administration objects to this provision because it restricts the flexibility of the Executive Branch to manage senior executive personnel effectively and efficiently.

Infringements on Executive Authority. The Administration objects to a number of provisions that purport to condition the President's authority, and the authority of affected Executive Branch officials, to use funds otherwise appropriated by this bill on the approval of various committees of the House of Representatives and the Senate. Such sections are 526, 614, and 621 of the General Provisions. The Supreme Court has ruled such language unconstitutional in INS vs. Chadha.

Restrictions on the Office of Management and Budget. The Administration continues to be concerned about various restrictions on OMB's authority to study and review certain areas. Article II of the Constitution vests all "executive power" in the President, who shall "take Care that the Laws are faithfully executed." This authorizes the President to "supervise and guide" Executive Branch officials in "their construction of the statutes under which they act in order to secure...uniform execution of the laws." Myers vs. United States, 272 U.S. 52, 135 (1926).

In the regulatory process, the President has chosen to exercise supervisory control through delegation of this constitutional power to OMB pursuant to Executive Orders 12291 and 12498. The restrictive provisions of the Committee bill would interfere with that authority.

PRELIMINARY OMB SCORING
 (in millions of dollars)
 TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1993

	FY 1993 Budget		House Floor		Senate Committee		House difference from Request		Senate difference from Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Major Programs										
Executive Office of the President	58	57	52	57	57	58	-5	-6	.	.
Office of Management and Budget	78	74	72	68	123	109	-6	-6	45	36
Office of National Drug Control Policy	86	83	78	78	85	83	-8	-7	-1	-1
Other EXOP	222	214	202	186	266	248	-18	-18	44	34
Total, EXOP	352	350	353	356	368	363	3	3	14	13
Bureau of Alcohol, Tobacco & Firearms	1,485	1,544	1,480	1,548	1,488	1,533	4	5	1	1
United States Customs Service	470	483	470	483	488	461	-0	-	-2	-2
United States Secret Service	3,670	3,682	3,648	3,652	3,653	3,646	-17	-17	-16	-16
Tax Law Enforcement (IRS) ¹	1,581	1,581	1,567	1,567	1,480	1,345	-14	-14	-101	-36
Information System (IRS)	1,810	1,808	1,808	1,803	1,782	1,790	-4	-3	-18	-16
Other IRS	682	700	683	677	688	680	-22	-28	-4	-8
Other Treasury	10,060	9,906	10,004	9,888	9,933	9,828	-56	-19	-127	-78
Total, Treasury ¹	122	122	200	200	200	200	78	78	78	78
U.S. Postal Service, Forgone Revenue	338	1,188	402	1,117	320	910	68	-60	-16	-256
Federal Buildings Fund	196	203	189	189	189	196	-7	-7	-7	-7
Other GSA	633	1,369	681	1,312	508	1,106	58	-57	-23	-263
Total, GSA	20	124	228	122	124	228	102	103	104	106
Office of Personnel Mgmt, Agency total ²	---	---	42	42	42	42	210	210	210	210
Limitations on FEHB ³	---	---	---	---	---	---	---	---	---	---
Payments from U.S. Postal Service ⁴	129	238	115	227	123	239	-15	-11	-6	-6
Other	11,085	11,872	11,485	12,301	11,407	12,895	408	329	322	122
Total, Domestic discretionary	---	---	---	---	---	---	---	---	---	---
Limitations on FEHB ⁵	---	---	---	---	---	---	---	---	---	---
Total, International discretionary	---	---	---	---	---	---	---	---	---	---
Total, Defense discretionary	---	---	---	---	---	---	---	---	---	---
Total, Discretionary	11,085	11,872	11,518	12,394	11,400	12,128	433	362	355	185

¹ Does not include \$183m in BA and \$178m in OL in FY93 for the IRS Compliance Initiative.
² Total FY93 costs of \$76m are scored against the limitation on FEHB. Five-year costs would total \$600m. Additional costs would be incurred by Federal employees, annuitants, and agencies, including the Postal Service.
³ FY93 request includes payment of \$950M from U.S. Postal Service.
⁴ FY 93 request includes \$210m in undistributed offsetting receipts from U.S. Postal Service.
⁵ Less than \$500 thousand.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS BILL, FY 1993 (continued)

(in millions of dollars)

Comparison of 602(b) Allocations:	House 602(b)		Senate 902(b)		House Floor		Senate Committee	
	BA	OL	BA	OL	BA	OL	BA	OL
Domestic.....	11,170	11,958	11,920	11,998	315	343	67	97
Defense.....	---	---	48	31	92	32	-16	1
International.....	---	---	---	---	1	1	1	1



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 30, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5503 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Yates (D), Illinois)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Department of the Interior and Related Agencies Appropriations Bill, FY 1993, as reported by the Committee.

The Administration has a number of serious concerns with the Committee bill.

The Administration urges the House to consider a realignment of the funding priorities in the Committee bill. The Committee has provided unwarranted increases to the President's request for a variety of construction projects and research and operational programs. These include increases for low-priority Bureau of Indian Affairs (BIA) programs and for infrastructure and operations in the territories. As discussed below, the Administration believes that these increases should be re-directed to high-priority natural and historical resource conservation programs that are of national significance.

The Committee has provided inadequate funding for recreation, resource protection, operational and cyclical maintenance, tree planting, hazardous waste clean-up, and other initiatives for our public lands. This is particularly surprising given the increasing demand on the part of the American public for outdoor recreation opportunities.

The Committee's funding level for America the Beautiful (ATB) programs is roughly \$270 million (14 percent) below the amounts requested by the President. While failing to provide adequate funding for high-priority natural and historical resource conservation, the Committee has provided funding for non-essential and often demonstrably ineffective programs. The attached table compares these reductions in parks, wildlife, and outdoor recreation programs to additions made by the Committee for low-priority projects and programs.

As the table shows, while the Committee added \$170 million above the request for low-priority BIA programs and an unrequested \$33 million for infrastructure and operations in the territories, it cut \$270 million from the Administration's request for public lands.

At a time when visits to our national parks and forests are at record levels, placing them under increasing stress, the Administration believes that funds to protect these valuable resources should not be reduced. The Administration urges the House to restore funding to requested levels for nationally significant resource protection and tree planting programs. These include:

- o Federal land acquisition, including Headwaters Forest in California and Idaho recreational lands;
- o The partnership with the States to support outdoor recreation, for which the Administration requested \$60 million and the Committee provided \$28 million;
- o The President's program to plant one billion trees a year;
- o The program to protect America's remaining battlefields, which are threatened by imminent development and other intrusive forces;
- o The "Targeted Parks" initiative to improve monitoring and protection of parks facing acute natural resource problems;
- o Challenge cost-share programs for parks and refuges, which would foster public/private partnerships to restore and enhance these areas;
- o More seasonal park rangers to provide visitor services and increase resource protection; and
- o Establishment of the ATB Passport that is specially designed to provide 12 months of access to a wide variety of Federally administered outdoor recreation areas.

Further, the Administration believes that proper preservation of the sites and structures that hosted nationally significant historic events is critical. The Administration strongly recommends that the House restore \$5 million for historic preservation efforts at our Nation's historically black colleges and universities as well as Montpelier (VA), James Madison's ancestral home.

The Administration opposes the continuation of Outer Continental Shelf (OCS) oil and gas leasing moratoria on all activity in Bristol Bay, Alaska; on Sale 164 in the Atlantic; and on Sales 137 and 151 in the Eastern Gulf of Mexico. Sales 164 and 151 are contained in Interior's final 1992-1997 natural gas and oil leasing plan and would cost the Treasury \$10 million in bonus bids if not held on schedule. Reforms in Interior's new leasing plan make the OCS oil and gas program more selective, judicious, and environmentally sound, making these legislative moratoria inappropriate and unnecessary.

Language in the Committee bill would prevent the transfer of technical responsibility for dam safety from the Bureau of Indian Affairs (BIA) to the Bureau of Reclamation. Lives are at risk as long as serious and long-standing safety deficiencies go uncorrected at various BIA dams. BIA has failed to correct these deficiencies. The Administration must be permitted to take reasonable, alternative steps to do so before a tragedy occurs.

The Administration continues to support grazing fees as set by Executive Order, and opposes the increase contained in the Committee version of the bill. The House is urged to eliminate the proposed increase. The House is also asked to delete the Committee prohibition on issuance of mineral patents. Changes in the 1872 Mining Law are needed, but a patent prohibition would unduly interfere with current law and procedures. Such a prohibition could result in "takings" of private property, exposing the Federal Government to substantial financial compensation for such actions.

The Administration strongly objects to the Committee's 40-percent reduction in funding for the President's new natural gas research and development program. The National Energy Strategy (NES) concluded that expanded use of domestically abundant natural gas resources could increase energy security and improve the environment. This reduction would impede the development of ultra-high efficiency technologies for gas consumption, which the nation requires to achieve our NES goals.

The Administration strongly objects to the Committee's continued refusal to lease the Elk Hills, California, oil field to private industry. Leasing is the method the U.S. Government has used consistently elsewhere in this country to ensure the sound development of Federally owned oil and gas resources in a manner that protects the Government's interests.

Private industry would pay the government \$1.2 billion or more for the right to lease Elk Hills. Private industry would also invest hundreds of millions of dollars in needed production equipment at the oil field, thereby eliminating the need for Congress to appropriate scarce budgetary resources for those purposes. It is important to note that if the House were to adopt the Administration's leasing proposal, the projected \$1.2 billion in receipts would be available for high-priority domestic discretionary programs.

The Administration objects to the Committee's inclusion of \$42 million for a new Emergency Pest Management account, while reducing the regular discretionary funding for Forest Pest Management under the State and Private Forestry account by \$22 million. The Administration strongly objects to the approach taken by the Committee because it would preclude the use of funds from the emergency account unless the President declares an emergency, thus exempting all expenditures from applicable spending limits.

Because pest suppression costs can be reasonably anticipated and funded in advance, the Office of Management and Budget would not recommend to the President that he designate appropriations for this purpose as "emergency" requirements. The Administration urges the House to fund Forest Pest Management operations at the level of anticipated needs and to do so within the domestic discretionary spending limits established by the Budget Enforcement Act (BEA).

The Administration commends the Committee for fully funding Interior and Agriculture wildland firefighting programs as proposed by the Administration; terminating funding for unnecessary Urban Park grants; and requiring non-Federal cost sharing for the first time to complete construction of the FDR Memorial.

Attachment

**FY 1993 INTERIOR APPROPRIATIONS B HOUSE COMMITTEE
 ACTIONS IN RESOURCE PROTECTION TO FUND UNREQUESTED PROJECTS AND PROGRAMS**

(BA dollars in millions relative to request)

<u>Reductions</u>	<u>House</u>	<u>Increases</u>	<u>House</u>
o America the Beautiful (ATB)	-274	o Interior Department New Construction (unneeded buildings and facilities)	+173
- Federal Recreational Land Acquisition	(-62)	- BIA's Navajo Irrigation Project (NM)	(+14)
- Headwaters (CA) Land Acquisition	(-11)	- Other Uneconomic BIA Irrigation Projects	(+13)
- Idaho/Potlatch Exchange and Land Acquisition	(-10)	- Other Lower-Priority BIA Projects	(+43)
- LWCF State Grants for Outdoor Recreation	(-32)	- Palau Sewer, Power, Roads	(+7)
- Tree Planting	(-65)	o Fossil R&D	+103
- ATB Passport Revenues Earmarked for Parks and Challenge Cost Shares	(-26)	o Miscellaneous Lower-Priority BIA and Territories Additions	+126
- Forest Service Recreation	(-17)	- BIA	(+100)
- North American Wetlands Conservation	(-8)	- Territories and Palau Operations	(+26)
- Targeted Park Resource Recovery	(-10)	o Lower-Priority Studies and Research, Much of Which Can Be Accomplished By Non-Federal Entities:	+79
- American Battlefield Protection	(-8)	- U.S. Geological Survey	(+47)
- More Seasonal Park Rangers	(-6)	- Bureau of Mines	(+32)
- Parks as Classrooms	(-1)	o Non-Competitive Grants for Local Washington (DC) Arts and Cultural Organizations	+7
- Challenge Cost Shares for Parks/Refuges	(-6)	o Add-ons for Ineffective Programs Proposed for Termination/Consolidation	+49
- Crab Orchard NWR (IL) Env. Cleanup	(-11)	- AML Emergency Program	(+16)
o Other Natural and Historical Programs (some ATB)	-72	- Rural Abandoned Mine Program (RAMP)	(+12)
- Forest Service Administration	(-24)	- BIA Direct Loans	(+3)
- National Park Operations	(-20)	- BIA Business Development Grants	(+5)
- Fish and Wildlife Operations	(-14)	- Mineral Institutes	(+9)
- Public Lands Management	(-14)	- BIA's Navajo Rehab Trust Fund	(+4)
o Historic Preservation	-5	o New Emergency Pest Suppression Fund (FS) (budget gimmick)	+42
- Historically Black Colleges	(-4)		
- Montpelier (VA)	(-1)		
o Full Funding for Fish and Wildlife Service Payment in Lieu of Taxes	-2		



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



[Handwritten initials]

August 3, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5503 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsor: Byrd (D), West Virginia)

The purpose of this Statement of Administration Policy is to provide the Administration's views on H.R. 5503, the Department of the Interior and Related Agencies Appropriations Bill, FY 1993, as reported by the Senate Appropriations Committee.

In the Administration's view, the bill reported by the Senate Committee is an improvement over the bill as passed by the House. The Administration commends the Committee for taking constructive steps toward developing a bill that is more substantially aligned with the Administration's priorities.

The Committee has funded Interior and Agriculture wildland firefighting programs at the requested levels, ensuring that anticipated needs will be met within the discretionary spending limits established by the Budget Enforcement Act (BEA). In addition, the Committee has terminated funding for unnecessary Urban Park Grants, deleted grazing fee increases set outside the process established by Executive Order, and removed the prohibition on issuance of mineral patents.

However, the Administration does have several concerns about the Committee bill, noted below, and respectfully requests that the Senate address these concerns.

Like the House, the Committee has provided inadequate funding for recreation, resource protection, operational and cyclical maintenance, tree planting, hazardous waste clean-up, and other initiatives for our public lands. This is particularly surprising given the increasing demand on the part of the American public for outdoor recreation opportunities.

The Committee bill's net funding level for America the Beautiful (ATB) programs is roughly \$250 million, or 14 percent, below the amounts requested by the President. While failing to provide adequate funding for high-priority natural and historical resource conservation, the Committee has provided funding for non-essential and often ineffective programs. The attached table compares the Committee's reductions in funding for parks, wildlife, and outdoor recreation programs to additions made by the House and by the Committee for low-priority projects and programs.

As the table shows, the Committee has added almost \$350 million to the request for low-priority Bureau of Indian Affairs and Indian Health Service (IHS) programs. It has also added over \$30 million for unrequested infrastructure and operations in the territories and non-competitive grants to Washington, D. C., arts and cultural organizations. At the same time, the Committee has cut over \$320 million from the Administration's request for public lands, and has ignored the untapped third-party insurance reimbursements that IHS should be receiving.

At a time when visits to our national parks and forests are at record levels, placing them under increasing stress, the Administration believes that funds to protect these valuable resources should not be reduced. The Administration urges the Senate to restore funding to requested levels for nationally significant ATB resource protection and tree planting programs. These include:

- o Federal land acquisition, including Headwaters Forest in California;
- o The partnership with the States to support outdoor recreation, for which the Administration has requested \$60 million and the Committee has provided \$28 million;
- o The President's program to plant one billion trees a year;
- o The program to protect America's remaining battlefields, which are threatened by imminent development and other intrusive forces;
- o The "Targeted Parks" initiative to improve monitoring and protection of parks facing acute natural resource problems;
- o Challenge cost-share programs for parks and refuges, which would foster public/private partnerships to restore and enhance these areas;
- o More seasonal park rangers to provide visitor services and increase resource protection; and
- o Establishment of the ATB Passport that is specially designed to provide 12 months of access to a wide variety of Federally administered outdoor recreation areas.

Further, the Administration believes that proper preservation of the sites and structures that hosted nationally significant historic events is critical. The Administration strongly recommends that the Senate restore \$5 million for historic preservation efforts at our nation's historically black colleges and universities as well as Montpelier (VA), James Madison's ancestral home.

The Administration opposes the continuation of Outer Continental Shelf (OCS) oil and gas leasing moratoria on all activity in Bristol Bay, Alaska; on Sale 164 in the Atlantic; and on Sales 137 and 151 in the Eastern Gulf of Mexico. Sales 164 and 151 are contained in Interior's final 1992-1997 natural gas and oil leasing plan and would cost the Treasury \$10 million in bonus bids if not held on schedule. Reforms in Interior's new leasing plan make the OCS oil and gas program more selective, judicious, and environmentally sound, making these legislative moratoria inappropriate and unnecessary.

The Administration strongly objects to the continued refusal to lease the Elk Hills, California, oil field to private industry. Leasing is the method the U.S. Government has used consistently elsewhere in this country to ensure the sound development of Federally owned oil and gas resources in a manner that protects the Government's interests.

Private industry would pay the government \$1.2 billion or more for the right to lease Elk Hills. Private industry would also invest hundreds of millions of dollars in needed production equipment at the oil field, thereby eliminating the need for Congress to appropriate scarce budgetary resources for those purposes. It is important to note that if the Senate were to adopt the Administration's leasing proposal, the projected \$1.2 billion in receipts would be available for high-priority domestic discretionary programs.

Preliminary Scoring

The Committee has included \$14 million in National Park Service operations funds for conversion of the Presidio in San Francisco into a national park. The Committee has scored these funds as defense discretionary. These funds are not under the control of a Defense official. Based on a preliminary review, OMB is scoring the funding as domestic discretionary.

On the basis of OMB's preliminary scoring, the Committee bill is within the Senate 602(b) domestic discretionary allocations for Interior Department and related agencies activities. In aggregate, the Senate 602(b) allocations are consistent with the statutory spending limits mandated by the BEA. Attached is a table that reflects preliminary OMB scoring of the Committee bill.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachments

ADDITIONAL CONCERNS
H.R. 5503 -- INTERIOR AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of the Interior

Interior Construction. The Administration opposes the excessive funding levels for new construction proposed by the Committee. The Committee bill would provide approximately \$179 million, or 60 percent, more than the President's request for Interior's land management agencies, the Bureau of Indian Affairs (BIA) and the Office of Territorial Affairs. Much of the additional funding is unnecessary and directed at marginal or non-essential projects that are not in the Department's backlog of needed health and safety projects. It is the Administration's view that new construction is a lower priority than providing quality operation, maintenance, and rehabilitation of existing facilities.

Even with a 60-percent increase, the Committee provides reduced funding for key environmental maintenance and rehabilitation projects proposed in the President's budget, including the cleanup of Crab Orchard National Wildlife Refuge in Illinois and the Yosemite maintenance facility in California.

Bureau of Indian Affairs (BIA) Operations and Construction. The Administration objects to the funding level for BIA operations and construction in the Committee bill. The Committee mark is about \$140 million, or 10 percent, above the President's request. Much of the additional operations funding is earmarked for specific tribes or tribal organizations and would not be available for distribution to all Federally recognized tribes. The additional construction funding is for marginal or lower-priority education, law enforcement, and irrigation projects and can be postponed or foregone.

The Administration also objects to implementing a new budget structure for BIA operations and construction programs for FY 1993. This would require substantial changes in BIA accounting systems in order for the new

structure to be in place for the beginning of the next fiscal year. The Administration has spent the past year and a half working to correct long-standing accounting problems at BIA, including conversion to a new accounting system last October. Even with the conversion, problems still exist in properly accounting for appropriated funds. Given these problems, the Administration believes that a major BIA budget structure change should be postponed until FY 1994.

Program Terminations and Consolidations Disapproved by the Committee. The Senate is urged to reconsider Committee actions that would overturn program terminations or consolidations proposed in the FY 1993 Budget. These include funding for BIA Business Development Grants, Direct Loans, and the Navajo Trust Fund (\$13 million over the request); the Bureau of Mines Mineral Institutes (\$14 million); and the Office of Surface Mining Emergency and Rural Abandoned Mine (RAMP) Programs (\$31 million).

BIA business development grants have little or no documented record of success, and would continue unnecessary reliance on the BIA for assistance to Indian businesses. BIA direct loans to Indian businesses have a delinquency rate of more than 50 percent.

The Administration places its emphasis for Indian business development on BIA's 90-percent loan guarantees. These guarantees (proposed for a 12-percent increase in FY 1993, supported by the Committee) would enable individuals to shift their reliance from the BIA to private-sector commercial lending, which provides the most viable long-term source of funds and expertise for the nation's new businesses.

Discretionary payments of \$4 million to BIA's Navajo Trust Fund, which funds infrastructure improvements on certain Navajo tribal lands in Arizona and New Mexico, should be suspended until it is certain that the taxpayers' contributions to the Fund (almost \$8 million to date) will be repaid, as required by law.

The Mineral Institutes Program was started in the 1970s to provide seed money for encouraging development of mineral-related university research and graduate education programs. The States have responded since then, and such programs are now in place, ending the need for further direct Federal funding.

RAMP, which operates small-scale rural mine land reclamation projects and is administered by the Department of Agriculture, duplicates existing State reclamation activities funded through Interior's

Abandoned Mine Land (AML) grant program. The FY 1993 Budget proposes no additional RAMP funding in order to eliminate this duplication and to ensure that such activities are State reclamation priorities.

The President's budget proposes that the Office of Surface Mining (OSM) Emergency Program be funded from State AML grants, instead of being funded separately through OSM. This consolidation would ensure that such activities are true emergencies and priorities from the States' perspective and help abate current, unconstrained cost increases for the Emergency Program in certain States.

Foundation Scholarship Add-On. The Administration objects to the use of \$10 million in land acquisition funds in the Bureau of Land Management (BLM) for a scholarship foundation. These funds should be used for the requested purpose: to acquire nationally significant wetlands, riparian areas, and other important areas of critical environmental concerns within BLM's part of the America the Beautiful initiative.

Bureau of Mines (BOM) and United States Geological Survey (USGS) Research and Studies Programs. The Administration opposes additional funding for research, studies, and data collection, for both BOM and USGS (\$67 million, or 10 percent, over the request). The President's requested funding levels for earth science data collection would meet the highest priority needs. While the Administration recognizes the importance of research and development, the research conducted by these bureaus should be both long-term and high-risk. Many of the Committee's increases are for studies and research that are lower-priority and can be accomplished by non-Federal entities.

Funding Increases for Territories. The Administration objects to \$24 million in new construction and operational funding additions for the Insular Areas and Freely Associated States. These are substantial, unnecessary increases, and they would be provided at the expense of critically underfunded Interior programs. They would add to a substantial inventory of continuing projects and instill the belief that local infrastructure needs and financial management problems should be addressed through perpetual Federal funding increases.

The Administration opposes the Committee bill's \$5.7 million increase for the Commonwealth of the Northern Mariana Islands (CNMI). Self-sufficiency for CNMI has been a long-standing goal of CNMI Covenant funding, and the Federal Government has provided \$420 million toward this goal since 1978. Unprecedented economic growth

and expanding local revenues during this period have greatly increased the CNMI's potential for self-sufficiency. The Administration has been negotiating with the CNMI for over a year to obtain a new multi-year funding agreement that would provide essential funding while recognizing the CNMI's decreased need for Federal assistance.

Further, the Administration objects to the Committee's rejection of a one-time, \$27.7 million mandatory savings, allowable under BEA scorekeeping rules, as a result of shifting CNMI funding from mandatory to discretionary in FY 1993. The \$22 million discretionary level proposed for the CNMI would provide adequate funding until a new agreement is negotiated, while freeing up badly needed discretionary funding for other Interior programs.

Inspector General. The Committee provides \$24 million, a reduction of \$2.5 million, or 10 percent, from the President's request for the Office of Inspector General (OIG). This reduction could seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas and other priority issues. Audits and necessary oversight of high risk areas such as those listed in the President's budget for the Office of Territorial and International Affairs and the Bureau of Indian Affairs Financial Management Systems and Controls, may be reduced significantly. In addition, deficiencies in BIA school facilities and Dam Safety could be curtailed. The Administration urges that these reductions be restored.

Financial Management. The Administration objects to the provisions throughout the Committee bill that would delete funding for conversion to the Federal Financial System. These funding deletions would defer completion of a multi-year project to convert all Interior bureaus to a standard accounting system. A single software standard throughout the Department would allow efficient central support of software development and enhancement. Deferral of the funding would ensure continued fragmentation of software support.

Department of Agriculture

Forest Service Roads Program. The Administration strongly objects to the Committee's \$59 million, or 29 percent, reduction to requested funding for Forest Service Roads. Included in the bill's overall reduction is a \$15 million decrease for timber roads, which represents a 14-percent reduction from the Administration's request. Such a reduction would further limit the Forest Service's ability to meet timber sale levels targeted for FY 1993.

The Committee has reduced requested funding for recreation roads by \$31 million, or 52 percent. This would severely limit the Forest Service's efforts to meet increasing recreation user demands and implement the Recreation Initiative component of the President's America the Beautiful program.

Tropical Forestry. The Administration strongly opposes the \$4.5 million reduction to the Forest Service Tropical Forestry Initiative, a 47-percent decrease from the President's request. The Tropical Forestry Initiative is an important component to the overall U.S. commitment to international forestry.

Department of Energy

Fossil Energy Research and Development. The Committee has provided \$67.8 million, \$46 million more than requested, for research programs in acid rain-related coal preparation and flue gas clean-up, atmospheric fluidized beds, and magnetohydrodynamics. All of these Department of Energy programs have been researched extensively, and it is the Administration's view that the private sector should assume responsibility for commercialization of these technologies.

The Administration strongly objects to the addition of \$19 million in overhead expenses and payroll costs for Fossil Energy Research and Development Program Direction. Program Direction costs in the Fossil program are the highest, proportionally, of any Energy program, partly as a result of continued Congressional imposition of excessive employment floors.

Energy Conservation. The Committee bill rejects an Administration request to use \$20 million in conservation grant funding to leverage an additional \$40 million from non-Federal sources. Instead, the Committee has applied \$20 million to a grants program that would leverage no additional funds. By taking this action, the Committee ignores the opportunity to use Federal funds in what the Administration believes is the most cost-effective manner.

Other

Indian Health Service (IHS). The Administration objects to the Committee's excessive funding increases for IHS. The Committee has provided \$196 million, or 10 percent, more than the President's request. This represents a \$142 million, or eight percent, increase over the FY 1992 enacted level. The Committee's mark fails to take into consideration the tremendous funding increases IHS has received in recent years (58 percent from FY 1989 to FY 1992), as well as the untapped

private third-party insurance reimbursements IHS should be receiving.

Commission of Fine Arts. The Administration objects to the appropriation of \$7 million for general operating support, on a non-competitive grant basis, to Washington, D.C., arts and cultural organizations, administered by the National Capital Arts and Cultural Affairs Grant program. This funding is unnecessary as it is a duplication of existing Federal, nationwide competitive grants.

Pennsylvania Avenue Development Corporation (PADC). The Administration objects to the Committee's reducing funding for PADC land acquisition activities by \$4 million below the President's request of \$6.5 million. This reduction would jeopardize PADC's effort to develop the last remaining unrestored block in the Pennsylvania Avenue redevelopment area. The owners of the property have been unwilling to participate with PADC in making improvements to this area, which is across from the National Portrait Gallery, putting at risk the investment already made in surrounding areas. Failure to acquire this block in a timely manner would result in increased costs to the Federal government and its private sector partners.

B. Language Provisions

BIA Dam Safety. The Administration objects to the Committee's failure to fund the proposed transfer of oversight responsibility for the Bureau of Indian Affairs (BIA) dam safety program to the Bureau of Reclamation. The Administration first proposed this transfer in FY 1991 after the Department of the Interior Inspector General reported that the BIA had not effectively managed the program from either an engineering or financial standpoint. BIA has made some improvement in its dam safety program, as documented in a recent GAO report. Nevertheless, the Administration believes that the best engineering expertise for accomplishing this important function lies in the Bureau of Reclamation.

The Secretary of the Interior should be allowed to exercise his management discretion on how best to use the technical and management expertise of the Bureau of Reclamation to ensure the timely correction of serious safety deficiencies at a number of high-hazard BIA dams. Indian tribes would participate in implementing corrective actions on reservation dams, through contracts or, if a tribe chooses, through consultation.

Payments to States for Spotted Owl. The Administration objects to the language of the Committee bill that would guarantee States affected by decisions relating to the Northern Spotted Owl no less than 85 percent of shared timber receipts that would have been collected for a baseline period of fiscal years 1986 through 1990, regardless of the amounts actually collected. Any shortfall in receipts would be paid from the portion of receipts that would otherwise be returned to the Treasury.

Strategic Petroleum Reserve (SPR) and Naval Petroleum Reserve (NPR) Employment Floors. The Administration strongly objects to the establishment of new employment "floors" for personnel assigned to the SPR and the NPR. Such restrictions on personnel allocations hamper the ability of the Administration to serve the public effectively. The Administration urges the Senate to remove the floors and to allow the Department of Energy to allocate personnel in the most effective way.

Committee Approval Provisions. The Administration objects to bill language that purports to restrict the use of funds or to limit agency actions unless approval is granted by Congressional committees. Such provisions are unconstitutional (see INS v. Chadha, 462 U.S. 919 (1983)). This objection applies to several provisions that have been included in previous Interior and Related Agencies Appropriations Bills. These include portions of the Administrative Provisions of the Forest Service and the Indian Health Service, as well as section 307 of the General Provisions. In any event, the Executive Branch will continue to provide the Committees notification and consultation that interbranch comity requires in matters in which Congress has indicated such a special interest.

**FY 1993 INTERIOR APPROPRIATIONS BILL: STATE APPROPRIATIONS COMMITTEE
REDUCTIONS IN RESOURCE PROTECTION TO FUN REQUESTED PROJECTS AND PROGRAMS**

(BA dollars in millions relative to request)

<u>Reductions</u>	<u>House</u>	<u>Senate</u>	<u>Increases</u>	<u>House</u>	<u>Senate</u>
o America the Beautiful (ATB)	-274	-250	o Interior Department New Construction (unneeded buildings and facilities)	+187	+179
- Federal Recreational Land Acquisition	(-62)	(-48)	- Uneconomic BIA Irrigation Projects	(+13)	(+22)
- Headwaters (CA) Land Acquisition	(-11)	(-11)	- Other Lower-Priority BIA Projects	(+43)	(+25)
- Idaho/Potlatch Exchange and Land Acquisition	(-10)	-	- Palau Sewer and Water	(+7)	(+2)
- LWC State Grants for Outdoor Recreation	(-32)	(-32)	o Fossil R&D	+103	+110
- Tree Planting	(-65)	(-73)	o Miscellaneous Lower-Priority BIA and Territories Adds	+126	+97
- ATB Passport Revenues Earmarked for Parks and Challenge Cost Shares	(-26)	(-26)	- BIA	(+100)	(+75)
- Forest Service Recreation	(-17)	(-13)	- Territories and Palau Operations	(+26)	(+22)
- North American Wetlands Conservation	(-8)	(-4)	o Indian Health Service	+247	+196
- Targeted Park Resource Recovery	(-10)	(-5)	o Lower-Priority Studies and Research Much Of Which Can Be Accomplished By Non-Federal Entities:	+79	+67
- American Battlefield Protection	(-8)	(-7)	- U.S. Geological Survey	(+47)	(+32)
- More Seasonal Park Rangers	(-6)	(-4)	- Bureau of Mines	(+32)	(+35)
- Parks as Classrooms	(-1)	-	o Non-Competitive Grants for Local Washington (DC) Arts and Cultural Organizations	+7	+7
- Challenge Cost Share for Parks/Refuges	(-6)	(-6)	o Non-Federal Foundation Scholarships	---	+10
- Crab Orchard NWR (IL) Env. Cleanup	(-11)	(-11)	o Add-ons for Ineffective Programs Proposed for Termination/Consolidation	+49	+58
o Other Natural and Historical Programs (some ATB)	-101	-72	- AML Emergency Program	(+16)	(+16)
- Forest Service Administration	(-24)	-	- Rural Abandoned Mine Program (RAMP)	(+12)	(+15)
- Forest Service Recreation Roads	(-29)	(-31)	- BIA Direct Loans	(+3)	(+3)
- National Park Operations	(-20)	(-26)	- BIA Business Development Grants	(+5)	(+6)
- Fish and Wildlife Operations	(-14)	(-14)	- Mineral Institutes	(+8)	(+14)
- Public Lands Management	(-14)	(-1)	- BIA's Navajo Rehab Trust Fund	(+4)	(+4)
o Historic Preservation	-5	-5			
- Historically Black Colleges	(-4)	(-4)			
- Montpeller (VA)	(-1)	(-1)			
o Full Funding for Fish and Wildlife Service Payment in Lieu of Taxes	-2	-1			

INTERIOR APPROPRIATIONS E / 1993
(in millions of dollars)

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Major Programs	FY 1992 Enacted		FY 1993 Budget		House Floor		Senate Committee		Senate difference from House	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic Discretionary:										
Forest Service.....	2,352	2,237	2,539	2,451	2,330	2,296	2,349	2,307	20	11
National Park Service.....	1,388	1,433	1,369	1,462	1,365	1,417	1,365	1,427	---	10
Fish & Wildlife Service.....	750	718	714	777	677	754	734	770	57	16
Bureau of Land Management.....	988	1,019	1,032	1,010	992	987	1,019	1,008	27	21
Bureau of Indian Affairs.....	1,565	1,449	1,383	1,449	1,551	1,560	1,531	1,552	-20	-8
Indian Health Services.....	1,706	1,569	1,651	1,594	1,898	1,754	1,848	1,720	-51	-35
Fossil energy research and development.....	444	442	311	393	412	433	423	434	11	---
SPR Petroleum.....	88	137	-126	-126	-126	-170	-126	-178	---	-9
Receipt: lease of Elk Hills.....	---	---	-1,200	-1,200	---	---	---	---	---	---
Other discretionary receipts.....	---	---	-181	-181	-144	-144	-108	-108	36	36
Other.....	3,831	3,589	3,796	3,637	4,034	3,749	3,981	3,721	-53	-28
Total domestic discretionary.....	13,113	12,594	11,289	11,267	12,989	12,637	13,016	12,651	27	14

Comparison of 602(b) Allocations:	House 602(b)		Senate 602(b)		House Floor Less House 602(b)		Senate Committee Less Senate 602(b)	
	BA	OL	BA	OL	BA	OL	BA	OL
Domestic.....	13,230	12,666	13,230	12,666	-241	-29	-214	-18
Defense.....	---	---	14	13	---	---	-14	-13



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 1, 1992 (SENT)
(House Floor)

(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5503 -- DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1993

(Sponsors: Whitten (D), Mississippi; Yates (D), Illinois)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Department of the Interior and Related Agencies Appropriations Bill, FY 1993, as reported by the Committee.

The Administration has a number of serious concerns with the Committee bill.

The Administration urges the House to consider a realignment of the funding priorities in the Committee bill. The Committee has provided unwarranted increases to the President's request for a variety of construction projects and research and operational programs. These include increases for low-priority Bureau of Indian Affairs (BIA) programs and for infrastructure and operations in the territories. As discussed below, the Administration believes that these increases should be re-directed to high-priority natural and historical resource conservation programs that are of national significance.

The Committee has provided inadequate funding for recreation, resource protection, operational and cyclical maintenance, tree planting, hazardous waste clean-up, and other initiatives for our public lands. This is particularly surprising given the increasing demand on the part of the American public for outdoor recreation opportunities.

The Committee's funding level for America the Beautiful (ATB) programs is roughly \$270 million (14 percent) below the amounts requested by the President. While failing to provide adequate funding for high-priority natural and historical resource conservation, the Committee has provided funding for non-essential and often demonstrably ineffective programs. The attached table compares these reductions in parks, wildlife, and outdoor recreation programs to additions made by the Committee for low-priority projects and programs.

As the table shows, while the Committee added \$170 million above the request for low-priority BIA programs and an unrequested \$33 million for infrastructure and operations in the territories, it cut \$270 million from the Administration's request for public lands.

At a time when visits to our national parks and forests are at record levels, placing them under increasing stress, the Administration believes that funds to protect these valuable resources should not be reduced. The Administration urges the House to restore funding to requested levels for nationally significant resource protection and tree planting programs. These include:

- o Federal land acquisition, including Headwaters Forest in California and Idaho recreational lands;
- o The partnership with the States to support outdoor recreation, for which the Administration requested \$60 million and the Committee provided \$28 million;
- o The President's program to plant one billion trees a year;
- o The program to protect America's remaining battlefields, which are threatened by imminent development and other intrusive forces;
- o The "Targeted Parks" initiative to improve monitoring and protection of parks facing acute natural resource problems;
- o Challenge cost-share programs for parks and refuges, which would foster public/private partnerships to restore and enhance these areas;
- o More seasonal park rangers to provide visitor services and increase resource protection; and
- o Establishment of the ATB Passport that is specially designed to provide 12 months of access to a wide variety of Federally administered outdoor recreation areas.

Further, the Administration believes that proper preservation of the sites and structures that hosted nationally significant historic events is critical. The Administration strongly recommends that the House restore \$5 million for historic preservation efforts at our Nation's historically black colleges and universities as well as Montpelier (VA), James Madison's ancestral home.

The Administration opposes the continuation of Outer Continental Shelf (OCS) oil and gas leasing moratoria on all activity in Bristol Bay, Alaska; on Sale 164 in the Atlantic; and on Sales 137 and 151 in the Eastern Gulf of Mexico. Sales 164 and 151 are contained in Interior's final 1992-1997 natural gas and oil leasing plan and would cost the Treasury \$10 million in bonus bids if not held on schedule. Reforms in Interior's new leasing plan make the OCS oil and gas program more selective, judicious, and environmentally sound, making these legislative moratoria inappropriate and unnecessary.

Language in the Committee bill would prevent the transfer of technical responsibility for dam safety from the Bureau of Indian Affairs (BIA) to the Bureau of Reclamation. Lives are at risk as long as serious and long-standing safety deficiencies go uncorrected at various BIA dams. BIA has failed to correct these deficiencies. The Administration must be permitted to take reasonable, alternative steps to do so before a tragedy occurs.

The Administration continues to support grazing fees as set by Executive Order, and opposes the increase contained in the Committee version of the bill. The House is urged to eliminate the proposed increase. The House is also asked to delete the Committee prohibition on issuance of mineral patents. Changes in the 1872 Mining Law are needed, but a patent prohibition would unduly interfere with current law and procedures. Such a prohibition could result in "takings" of private property, exposing the Federal Government to substantial financial compensation for such actions.

The Administration strongly objects to the Committee's 40-percent reduction in funding for the President's new natural gas research and development program. The National Energy Strategy (NES) concluded that expanded use of domestically abundant natural gas resources could increase energy security and improve the environment. This reduction would impede the development of ultra-high efficiency technologies for gas consumption, which the nation requires to achieve our NES goals.

The Administration strongly objects to the Committee's continued refusal to lease the Elk Hills, California, oil field to private industry. Leasing is the method the U.S. Government has used consistently elsewhere in this country to ensure the sound development of Federally owned oil and gas resources in a manner that protects the Government's interests.

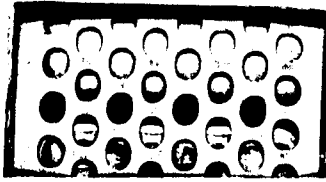
Private industry would pay the government \$1.2 billion or more for the right to lease Elk Hills. Private industry would also invest hundreds of millions of dollars in needed production equipment at the oil field, thereby eliminating the need for Congress to appropriate scarce budgetary resources for those purposes. It is important to note that if the House were to adopt the Administration's leasing proposal, the projected \$1.2 billion in receipts would be available for high-priority domestic discretionary programs.

The Administration objects to the Committee's inclusion of \$42 million for a new Emergency Pest Management account, while reducing the regular discretionary funding for Forest Pest Management under the State and Private Forestry account by \$22 million. The Administration strongly objects to the approach taken by the Committee because it would preclude the use of funds from the emergency account unless the President declares an emergency, thus exempting all expenditures from applicable spending limits.

Because pest suppression costs can be reasonably anticipated and funded in advance, the Office of Management and Budget would not recommend to the President that he designate appropriations for this purpose as "emergency" requirements. The Administration urges the House to fund Forest Pest Management operations at the level of anticipated needs and to do so within the domestic discretionary spending limits established by the Budget Enforcement Act (BEA).

The Administration commends the Committee for fully funding Interior and Agriculture wildland firefighting programs as proposed by the Administration; terminating funding for unnecessary Urban Park grants; and requiring non-Federal cost sharing for the first time to complete construction of the FDR Memorial.

Attachment



**FY 1993 INTERIOR APPROPRIATION BILL: HOUSE FLOOR
REDUCTIONS IN RESOURCE PROTECTION TO FUND REQUESTED PROJECTS AND PROGRAMS**

(BA dollars in millions relative to request)

Reductions	House	Increases	House
o America the Beautiful (ATB)	-274	o Interior Department New Construction (unneeded buildings and facilities)	+173
- Federal Recreational Land Acquisition	(-62)	- BIA's Navajo Irrigation Project (NM)	(+14)
- Headwaters (CA) Land Acquisition	(-11)	- Other Uneconomic BIA Irrigation Projects	(+13)
- Idaho/Potlatch Exchange and Land Acquisition	(-10)	- Other Lower-Priority BIA Projects	(+43)
- LWCF State Grants for Outdoor Recreation	(-32)	- Palau Sewer, Power, Roads	(+7)
- Tree Planting	(-65)	o Fossil R&D	+103
- ATB Passport Revenues Earmarked for Parks and Challenge Cost Shares	(-26)	o Miscellaneous Lower-Priority BIA and Territories Additions	+126
- Forest Service Recreation	(-17)	- BIA	(+100)
- North American Wetlands Conservation	(-8)	- Territories and Palau Operations	(+26)
- Targeted Park Resource Recovery	(-10)	o Lower-Priority Studies and Research, Much of Which Can Be Accomplished By Non-Federal Entities:	+79
- American Battlefield Protection	(-8)	- U.S. Geological Survey	(+47)
- More Seasonal Park Rangers	(-6)	- Bureau of Mines	(+32)
- Parks as Classrooms	(-1)	o Non-Competitive Grants for Local Washington (DC) Arts and Cultural Organizations	+7
- Challenge Cost Shares for Parks/Refuges	(-6)	o Add-ons for Ineffective Programs Proposed for Termination/Consolidation	+49
- Crab Orchard NWR (IL) Env. Cleanup	(-11)	- AML Emergency Program	(+16)
o Other Natural and Historical Programs (some ATB)	-72	- Rural Abandoned Mine Program (RAMP)	(+12)
- Forest Service Administration	(-24)		
- National Park Operations	(-20)		
- Fish and Wildlife Operations	(-14)		
- Public Lands Management	(-14)		
o Historic Preservation	-5		



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 2, 1992
(House Floor)

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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5504 -- DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 1993
(Sponsors: Whitten (D), Mississippi; Murtha (D), Pennsylvania)

This Statement of Administration Policy expresses the Administration's views on H.R. 5504, the Department of Defense Appropriations Bill, FY 1993, as reported by the House Appropriations Committee.

The Administration opposes language of the Committee bill that would permit abortions to be performed at U.S. military facilities in cases other than when the life of the mother would be endangered if the fetus were carried to term. The President has stated that he would veto any legislation that would weaken current law or regulation with respect to abortion-related activities. Therefore, if the provision of the Committee bill were to be included in the bill ultimately presented to the President, the President would veto the bill.

Similar language was included in the Senate version of the FY 1992 Department of Defense Appropriations Bill but was deleted in Conference. The Administration hopes that the bill will move forward through the legislative process so that necessary changes could be made to gain Administration support. These would include dropping the abortion-related provision and responding to the other objections discussed below.

Funding Levels

The Administration regrets that the Committee has provided funds for unrequested programs at the expense of higher priority programs. As discussed below, the Administration believes that these increases should be re-directed to high priority programs of significance to national security.

The Committee bill would provide unrequested funding for several programs, including the following:

- o \$1.0 billion for undefined programs that, collectively, the Committee has titled, "Reinvestment for Economic Growth";
- o Over \$1.0 billion for aircraft programs;

- o \$1,132 million for National Guard and Reserve equipment and \$240 million for higher-than-requested Guard and Reserve personnel levels;
- o \$1,205 million for an LHD-1 amphibious assault ship, and \$300 million for an LSD cargo variant ship; and
- o \$200 million for procurement and modification of Bradley Infantry Fighting Vehicles.

While providing unrequested additions for these programs, the Committee has reduced funding from the President's requested levels for a number of key defense programs. The Committee's recommendations would:

- o Appropriate only \$4,238 million for the Strategic Defense Initiative (SDI), \$1,075 million less than requested. This funding reduction would undermine last year's landmark "Missile Defense Act of 1991." Under the Committee's funding level for SDI, either initial deployment of strategic defenses would have to be delayed or promising technology programs would have to be canceled.
- o Eliminate all funding for foreign national employees (\$1,550 million) and real property maintenance at overseas locations (\$801 million). These reductions would inhibit the orderly drawdown of U.S. forces overseas, delay closing of many foreign installations, reduce the readiness of forces stationed overseas, and affect operation of overseas dependent schools.
- o Reduce funding for other operation and maintenance programs by over \$2 billion, which would adversely affect operational capabilities and readiness, as well as long-term capability.
- o Make substantial reductions to intelligence funding and personnel. Such reductions would reduce our ability to accommodate critical, high priority requirements, including intentions and plans of world leaders, support to military operations, weapons proliferation, counternarcotics, and counterintelligence.
- o Reduce procurement funding for LANDSAT 7 by \$59 million. This would delay launch of LANDSAT 7 and jeopardize the continued availability of LANDSAT-type data for military, scientific, and commercial users.

- o Reduce procurement funding for the DDG-51 destroyer program by \$764 million and sealift ships by \$400 million. This would delay Navy modernization and needed improvements in sealift capability.

The Administration urges the House to restore funding of \$8 billion that was cut from the Administration's request. In addition, the House is urged to re-direct funding provided by the Committee for unrequested programs to these programs that are of critical importance to the objectives of our national security policy.

Language Provisions

The Administration objects to several language provisions of the Committee bill:

- o Language included in the Committee bill would prohibit the purchase of the LTV Aerospace and Defense Company by any foreign person. In the Administration's view, such a blanket prohibition would be highly inappropriate.
- o Language in the report indicates that the funding provided in this bill for the National Launch System (NLS) may be the total amount provided. Because the NLS would support the launch needs of both NASA and DOD, development funding should be shared equally, as proposed by the Administration.
- o Section 9126 of the General Provisions would require the Comptroller General of the United States and the Department of the Navy to issue a report on the Navy's accounting practices at its nuclear shipyards. To avoid constitutional problems relating to the separation of powers between the Legislative and Executive branches, the Administration recommends substituting the phrase, "after consultation with the Department of the Navy" for "in conjunction with the Department of the Navy." This recommended language would clarify that the report is a Comptroller General report.

Amendments

The Administration would urge the House to reject potential amendments that would reduce consultant services by \$200 million and warehousing funds by \$.5 billion:

- o The Committee bill would reduce consultant funding by \$45 million; further reductions would adversely affect the engineering, technical, and logistics support required by the operating forces.
- o The potential reduction of \$.5 billion in warehousing funds would reduce resources available for warehousing by one-third.

Preliminary Scoring Issues

Based on a preliminary review, a number of provisions in the Committee bill, particularly portions of the Defense Reinvestment for Economic Growth programs, may be appropriately classified as domestic discretionary under the Budget Enforcement Act (BEA). The Office of Management and Budget is reviewing the language in the bill and report to determine which provisions should be classified as domestic discretionary spending.

The bill contains language that would provide an indemnification guarantee for any State or a subdivision of a State obtaining real property upon the closure of a military installation. This provision would provide payment by the Federal Government for environmental cleanup or associated costs caused by contamination attributable to the Department of Defense. This is direct spending in an appropriations bill and should be scored against the Appropriations Committee.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

September 21, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5504 -- DEPARTMENT OF DEFENSE
APPROPRIATIONS BILL, FY 1993

(Sponsors: Byrd (D), West Virginia; Inouye (D), Hawaii)

The purpose of this Statement of Administration Policy is to express the Administration's views on H.R. 5504, the FY 1993 Department of Defense Appropriations Bill, as reported by the Senate Appropriations Committee.

Provision Subject to Veto

The Administration opposes the abortion-related language in the Committee bill. This language would permit abortions to be performed at U.S. military facilities in cases other than when the life of the mother would be endangered if the fetus were carried to term. The President has stated that he would veto any legislation that would weaken current law or regulation with respect to abortion-related activities. Therefore, if this provision were to be included in the bill presented to the President, the President would veto the bill.

Funding Levels

The Administration regrets that the Committee has reduced funding for high priority programs requested by the President, and, instead, has provided funding for unrequested programs. As discussed below, the Administration believes that funding for unrequested programs should be re-directed to key defense programs requested by the President. With respect to key defense programs, the Committee bill would:

- o Appropriate \$3,725 million for research and development for the Strategic Defense Initiative (SDI), \$1,588 million less than requested. This reduction would undermine last year's landmark "Missile Defense Act of 1991." Under the Committee's funding level for SDI, either initial deployment of strategic defenses would have to be delayed or promising technology programs would have to be canceled;

- o Reduce funding for development of tactical aviation programs such as the F-22, F-18 E/F, and AX aircraft and the RAH-66 and AH-64 helicopters by over \$700 million and consolidate the funding in a single account. The Senate is urged to provide the amounts requested for these aircraft in the accounts proposed by the Administration to ensure strong, effective air capabilities for our forces. The Administration also objects to consolidation of funding for these aircraft in one, new appropriation -- subject to onerous reporting requirements that would restrict the obligation of funds;
- o Cut the request for purchases of spare parts and supplies by \$3.0 billion. This would adversely affect operational capabilities and readiness, as well as long-term capabilities;
- o Reduce funding by \$175 million for operation and maintenance of U.S. bases in Europe and for foreign nationals employed by these bases. The Committee has taken these actions in order to encourage additional burdensharing contributions from our NATO allies. The bill would also prohibit obligation of \$175 million of the remaining funds for these purposes until Congress is notified that negotiations with NATO countries will yield increased contributions;
- o Terminate procurement of the requested 24 F-16 aircraft, which are needed to modernize fully the Air Force;
- o Cut procurement of the requested 48 F/A-18C/D aircraft by 50 percent;
- o Reduce appropriations for intelligence programs by approximately \$1.0 billion. The Administration would strongly object to any amendment that would further cut funding for intelligence activities;
- o Delete the President's requested \$175 million for the National Aerospace Plane and \$125 million for the National Launch System;
- o Cut two of the eight C-17 aircraft requested, which are needed to modernize the strategic airlift fleet. The deletion of two aircraft and the reporting and restrictive requirements proposed in the Defense Authorization Bill could disrupt the C-17 program; and

- o Reduce funding for many technology base and advanced technology development programs. The Committee bill also reduces funding for many mission-related research and development programs to establish a Defense conversion account.

The Committee bill would provide unrequested funding for many programs, including the following:

- o \$2.0 billion for undefined programs the Committee has titled "Defense Reinvestment for Economic Growth." These programs are unnecessary in view of the Administration's Defense Adjustment Assistance proposals;
- o \$630 million for National Guard and Reserve equipment as well as \$190 million for Guard and Reserve personnel. These funding levels are significantly higher than requested;
- o \$1,050 million for an LHD-1 amphibious ship;
- o \$150 million for procurement and modification of Bradley Infantry Fighting Vehicles; and
- o \$50 million for a disaster relief fund.

The Administration urges the Senate to restore the funding that was cut from the President's request. In addition, the Senate is urged to re-direct funding provided by the Committee for unrequested programs to those programs that are of critical importance to the objectives of our national security policy.

Language Provisions

- o Section 9015 would prohibit the Department of Defense from reducing National Guard and Reserve end strength below the level funded in this bill. This provision would raise National Guard and Reserve end strength well above the request and prevent the Department from achieving a balanced and optimal active/reserve manpower mix. The Administration urges the Senate to delete this provision.
- o Section 9111 would require the Secretary of Defense to impose recoupment charges on sales of certain defense articles to non-U.S. Government purchasers. The President has proposed that such recoupment charges be eliminated to enhance the competitiveness of the U.S. defense industry. The Administration urges the Senate to delete this provision.

- o The Committee has deleted a House provision that would provide an additional \$250 million for dismantlement and destruction of nuclear weapons in the former Soviet Union. The Administration urges the Senate to restore this funding so that we may sharply and permanently reduce the military and proliferation threat these weapons pose to the U.S.
- o Section 9017 would prohibit the Department of Defense from exceeding 125,000 civilian workyears outside of the United States. This would greatly reduce the Department's ability to manage its overseas workforce. This restriction would be less troublesome if the Secretary of Defense were authorized to vary the number of civilian workyears by five percent.

Preliminary Scoring Issues

Based on a preliminary review, several provisions in the Committee bill may be appropriately classified as domestic discretionary, rather than defense discretionary, under the Budget Enforcement Act (BEA). OMB is reviewing the language of the Committee bill and report to determine the implications of these provisions with respect to their appropriate classification under the BEA.



July 27, 1992
(Senate Floor) (SENT)

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STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5517 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1993
(Sponsors: Byrd (D), West Virginia; Adams (D), Washington)

This Statement of Administration Policy expresses the Administration's views on H.R. 5517, the District of Columbia Appropriations Bill, FY 1993, as reported by the Committee.

The Administration objects to section 114 of the Committee bill, which would permit the use of Congressionally-appropriated local funds to finance abortions. The President vetoed the FY 1990 and FY 1992 District of Columbia Appropriations Bills because they contained language identical to the language included in this bill. The Congress ultimately passed bills containing abortion language acceptable to the Administration.

The Administration urges the Senate to adopt language concerning abortion that was included in the FYs 1989-92 District of Columbia Appropriations Acts. This language prohibits the use of Federal and local funds to perform abortions, except where the life of the mother would be endangered if the fetus were carried to term. The President will veto any District of Columbia Appropriations Bill that does not include this language.

The Administration strongly opposes the Committee's proposed delay in funding of the full Federal contribution to the retirement funds of police officers, fire fighters, teachers, and judges. It would be financially irresponsible for the Federal government to delay its payments to the retirement funds. Since the agreement between the District of Columbia and the Federal government was made in 1978, every Administration has requested full funding for the Federal government's annual liability for these retirement funds.

The Administration opposes provisions in the Committee bill that would provide \$50 million in advance appropriations for a private hospital in the District of Columbia. Advance appropriations undermine future discretion, for both the Congress and the President, in the distribution of budgetary resources.

On the basis of OMB's preliminary scoring, the Administration finds that the Committee bill is within the House and Senate 602(b) allocations for the Federal payment to the District. In aggregate, the House and Senate 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 7, 1992
(House Floor) (SENT)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5517 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1993
(Sponsors: Whitten (D), Mississippi; Dixon (D), California)

This Statement of Administration Policy expresses the Administration's views on H.R. 5517, the District of Columbia Appropriations Bill, FY 1993, as reported by the Committee.

The Administration objects to section 114 of the Committee bill, which would permit the use of Congressionally-appropriated local funds to finance abortions. The President vetoed the FY 1990 and FY 1992 District of Columbia Appropriations Bills because they contained language identical to the language included in this bill. The Congress ultimately passed bills containing abortion language acceptable to the Administration.

The Administration urges the House to adopt language concerning abortion that was included in the FYs 1989-92 District of Columbia Appropriations Acts. The language of these Acts prohibits the use of Federal and local funds to perform abortions, except where the life of the mother would be endangered if the fetus were carried to term. The President will veto any District of Columbia Appropriations Bill that does not include this language.

On the basis of OMB's initial scoring, the Administration finds that the Committee bill is within the House and Senate 602(b) allocations for the Federal payment to the District. In aggregate, the House and Senate 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

(SENT 7/2/92)
July 1, 1992
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5517 -- DISTRICT OF COLUMBIA APPROPRIATIONS BILL, FY 1993
(Sponsors: Whitten (D), Mississippi; Dixon (D), California)

This Statement of Administration Policy expresses the Administration's views on H.R. 5517, the District of Columbia Appropriations Bill, FY 1993, as reported by the Committee.

The Administration objects to section 114 of the Committee bill, which would permit the use of Congressionally-appropriated local funds to finance abortions. The President vetoed the FY 1990 and FY 1992 District of Columbia Appropriations Bills because they contained language identical to the language included in this bill. The Congress ultimately passed bills containing abortion language acceptable to the Administration.

The Administration urges the House to adopt language concerning abortion that was included in the FYs 1989-92 District of Columbia Appropriations Acts. The language of these Acts prohibits the use of Federal and local funds to perform abortions, except where the life of the mother would be endangered if the fetus were carried to term. The President will veto any District of Columbia Appropriations Bill that does not include this language.

On the basis of OMB's initial scoring, the Administration finds that the Committee bill is within the House and Senate 602(b) allocations for the Federal payment to the District. In aggregate, the House and Senate 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.



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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 4, 1992 (SENT)
(Senate Floor)

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8:15
pm

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS BILL, FY 1993

(Sponsors: Byrd (D), West Virginia; Lautenberg (D), New Jersey)

This Statement of Administration Policy provides the Administration's views on H.R. 5518, the Department of Transportation and Related Agencies Appropriations Bill, FY 1993, as reported by the Committee.

The Administration strongly objects to the Committee's reduction in proposed funding for Federal-aid highways. The total recommended funding level of \$18.5 billion is \$704 million below the President's request. This level would be insufficient to maintain the condition of the National Highway System, which is one of the most important links in the nation's transportation system.

The Senate is urged to restore Federal-aid highway funding, as well as funding for other necessary transportation programs discussed below. This could be accomplished by redirecting funds from highway demonstration projects, mass transit, local rail freight assistance, and Amtrak, all of which are funded at levels in excess of the President's request.

Excessive Funding for Highway Demonstration Projects, Mass Transit, and Amtrak

Funding provided by the Committee bill for highway demonstration projects (\$275 million) would erode the ability of State planners to make sound transportation decisions, distort the formula allocation of funds, and reduce equity among the States.

The Administration objects to the Committee's funding, and earmarking, of \$690 million for mass transit new starts. The Committee bill earmarks \$140 million for projects that are not ready for construction or cannot use additional funds in FY 1993. Another \$180 million is earmarked for projects that, based on Department of Transportation criteria, do not appear to be cost effective.

In addition, the Administration objects to the funding of mass transit operating subsidies at a level that is \$585 million above the President's request. Operating expenses are more appropriately funded at the local level where the day-to-day operating decisions are made.

The Administration objects to the funding provided above the President's request for Amtrak capital and operating subsidies and Northeast rail corridor infrastructure improvements. The Federal government has already spent \$2.5 billion to upgrade the Northeast corridor. Future infrastructure improvements should be funded from Amtrak's capital grant.

Other Provisions

The Committee has provided only \$2.5 million of the \$12.9 million requested for magnetic levitation (maglev) systems research. Funds are required at the requested level in order to continue studies of economic, technical, and safety issues. In the Administration's view, full funding should be provided for maglev systems research in place of the \$45 million provided for prototype development. Funding the maglev prototype is premature.

The Administration strongly objects to the Committee's attempt to change the terms of the Panama Canal Treaties by delaying the mandatory payment to the Republic of Panama.

OMB is reviewing the Committee's classification of \$403 million for Coast Guard programs as entirely defense. Until this review is complete, OMB has preliminarily classified as defense only the \$203 million that was requested for the Coast Guard programs.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Transportation:

Coast Guard. The Administration objects to the Committee's actions that would result in a \$63 million reduction to the President's request for the Coast Guard's Acquisition, Construction, and Improvements appropriation. Even when reprogrammed funds from prior years are considered, this reduction constitutes a 15-percent decrease in available funding.

Amtrak. The Committee bill increases the Federal subsidy for Amtrak above the level requested by the Administration. Further, the Committee bill obscures the extent to which Amtrak is dependent upon Federal subsidies by funding mandatory rail payments separately. The Administration believes that Amtrak's payments to the Railroad Retirement Board should be made from Amtrak's revenues or from the Federal operating grant and should reflect the cost of funding rail pensions under Employee Retirement Income Security standards. Furthermore, the Committee's bill does not provide for the reforms necessary to move Amtrak toward self-sufficiency.

Federal Aviation Administration. The Administration objects to the unrequested \$28.5 million that the Committee has provided for Airway Service projects. The Administration also objects to statutory language that would increase the Federal share from 50 percent to 80 percent, retroactive to October 1, 1991.

B. Language Provisions

General Provisions: Federal Aviation Administration (FAA). The Administration requests the removal of a provision that would mandate flight and duty time restrictions for airline flight attendants. The provision adopted by the Committee would produce no safety benefit to the flying public. Most airlines already have collective bargaining agreements or work rules that provide duty and rest time for flight attendants similar to that provided for pilots.

Pay Raise Restriction. The Administration objects to statutory prohibitions against FY 1993 pay raises for FAA employees involved in noise abatement policy and the New York-New Jersey environmental impact statement.

Intrusion into Management Authority. The Administration objects to aspects of the Committee bill that reflect undue intrusion into the management of the Department of Transportation. The Administration objects to the provision that would reduce the ceiling on political appointees at the Department from 120 to 100.

Airport Slots. Language of the Committee bill would reserve airport slots at O'Hare Airport for essential air service between certain points. The Administration believes that this provision would be an inappropriate market intervention.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 9, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Lehman (D), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 5518, the Department of Transportation and Related Agencies Appropriations Bill, FY 1993, as reported by the Appropriations Committee.

The Administration strongly objects to the reduction in proposed funding for Federal-aid highways. The total funding level of \$16.9 billion is \$2.3 billion below the President's request. This level would severely limit the ability to maintain the condition of the nation's highway infrastructure, which is one of the most important links in the transportation system. Furthermore, a disproportionate share -- almost 16 percent -- of the Federal-aid contract authority is for "exempt" programs. This funding mechanism provides an unfair advantage to certain States that are the beneficiaries of these "exempt" programs.

The Administration strongly opposes an effort to fund additional highway and other transportation spending by violating the firewalls established in the Budget Enforcement Act of 1990 (BEA). Such an amendment would increase the deficit in FY 1993 by \$0.4 billion and in FY 1994 by \$1.2 billion above the deficits that would have otherwise resulted from House action on appropriations bills to date.

If Congress were to abandon the mutually agreed-upon discipline of the BEA, it could trouble financial markets, cause interest rates to rise, and thus prove counterproductive. That is, it could slow recovery and threaten job creation. If the President were presented a bill that includes a provision that violates the firewalls and thus increases the deficit, his senior advisers would recommend a veto.

The amendment to increase Federal transportation spending above the level contained in the Committee bill should not be financed by increasing the deficit. Increases should be financed by reductions in unnecessary spending, such as that noted below.

The Administration supports the Michel amendment, which would direct that all savings available under the caps be applied to reducing the Federal deficit.

The Administration strongly objects to the Temporary Match Waiver amendment that is made in order in the rule. The amendment would delay needed investment for transportation improvements and reduce jobs during the next several years by waiving the State and local match and delaying the required repayment. In the case of discretionary transit grants, since the Secretary does not have discretion in approving waivers, the amendment fails to provide a mechanism to ensure that a local match is eventually paid.

If the House passes both the Obey and the Nagle amendments, any increase in jobs that would result from the increased Federal spending will be reduced by the reduction in State and local matching funds. The House will have simply shifted the burden from State and local governments to the Federal Treasury.

The Administration objects to the bill's providing \$1 billion more than the Administration's request for highway demonstration projects, narrow categorical highway projects, mass transit new starts and subsidies, and Amtrak subsidies. The Administration believes that these increases should be re-directed to programs designed to maintain the nation's highway infrastructure, to ensure proper financial controls, and to continue important research on magnetic levitation systems.

Funding provided by the Committee bill for highway demonstration projects (\$167 million) and other narrow categorical highway projects would erode the ability of State planners to make sound transportation decisions, distort the formula allocation of funds, and reduce equity among the States. Funding for these projects would undercut core programs where States can apply the funds flexibly to their highest transportation priorities.

The Administration objects to the Committee's funding of \$640 million for mass transit new starts and the earmarking of the entire amount. These earmarks are made without regard to established cost-effectiveness criteria. In many cases, they are made before the project's total cost is known. For example, the bill would provide \$18 million for a Seattle-Tacoma Commuter Rail project. An alternatives analysis has not been initiated, and the project appears to compete with high-occupancy-vehicle lanes and a rail system proposed for the same corridor.

The Administration urges the restoration of funds to implement the Chief Financial Officers Act (CFO). The Committee bill would eliminate virtually all funding for CFO Act programs, including \$5.1 million for the Inspector General and \$1.2 million for the Office of the Secretary. These funds are needed to provide for program oversight and effective financial controls. Without such funding, the integrity of these programs could be jeopardized.

The Committee bill does not provide \$12.9 million requested for magnetic levitation systems research. These funds are required to continue studies of economic, technical, and safety issues.

The Administration objects to and requests removal of a legislative provision that would reduce mandatory drug and alcohol testing for airline employees. The Secretary of Transportation has committed to conduct a thorough review to determine the appropriate testing rate that balances the burden on industry with ensuring effective detection and deterrence. The Administration believes that it would be premature to restrict testing rates statutorily in the absence of the Secretary's review of this complex issue.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Transportation:

Federal Aviation Administration (FAA). The Committee has reduced FAA's major air traffic modernization projects. The Administration's request for the Advanced Automation System (AAS) has been reduced by \$122 million, and the Voice Switching and Control System (VSCS) has been reduced by \$37 million. Unless \$80 million for AAS and \$9 million in VSCS is restored, these projects would experience delays in implementation as well as additional long-term costs. In addition, the Committee bill would provide \$108 million in unrequested additions, including \$24 million earmarked for university facilities.

Coast Guard. The Committee allocation would fund the Coast Guard at approximately three percent less than the President's request. This reduction would affect virtually all Coast Guard operations and would require funding to be reduced to approximately FY 1992 levels, despite increased cost-of-living and pay raise requirements.

National Recreational Trails Program. The Committee has not provided funding for the National Recreational Trails Program. The President has requested \$15 million for this program to make grants to States to establish and maintain new, multiple-use recreational trails. The House is urged to provide the President's request for this program.

Rental Payments to the General Services Administration (GSA). The Committee has reduced rental payments to GSA by \$35 million. This reduction would prevent the Department of Transportation from reimbursing GSA for space currently occupied. If the Committee's reduction were adopted, GSA would have to make up for the reduced reimbursement from balances in the Federal Buildings Fund. Because spending associated with the reduction would still occur, OMB will score these outlays against the domestic discretionary spending provided by the Transportation appropriations bill.

Other:

Architectural and Transportation Barriers Compliance Board. The Committee bill would provide \$300,000 less than the President's request. It would not allow for any increase in the contract research program or the technical assistance program. Providing funds for these programs at the requested level is critical to support the Board's efforts to gather the data required to develop the accessibility guidelines required by the Americans with Disabilities Act, and to meet the Board's other statutory responsibilities under the Act.

B. Language Provisions

General Provisions: Federal Aviation Administration:

The Committee bill would impose objectionable limitations and requirements on Department of Transportation activities. The Administration believes that prohibiting the use of funds for the planning or implementation of any change to three flight service stations is inappropriate. The Department and FAA should have the flexibility to manage and operate FAA facilities as needed to best serve the air space system.

The Committee bill would also prohibit the collection of passengers facility charges (PFCs) on tickets acquired with frequent flyer or similar bonus programs. The Department of Transportation should retain the discretion to determine on policy grounds whether or not PFCs should pertain to frequent flyer passengers.

The bill would allow the FAA Administrator to bypass merit procedures by appointing students who have completed instruction at specific air traffic controller (ATC) institutions. This would circumvent Office of Personnel Management merit staffing procedures and allow the Administrator to give preferential employment to a specified group.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 8, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Lehman (D), Florida)

This Statement of Administration Policy provides the Administration's views on H.R. 5518, the Department of Transportation and Related Agencies Appropriations Bill, FY 1993, as reported by the Appropriations Committee.

The Administration strongly objects to the reduction in proposed funding for Federal-aid highways. The total funding level of \$16.9 billion is \$2.3 billion below the President's request. This level would severely limit the ability to maintain the condition of the nation's highway infrastructure, which is one of the most important links in the transportation system. Furthermore, a disproportionate share -- almost 16 percent -- of the Federal-aid contract authority is for "exempt" programs. This funding mechanism provides an unfair advantage to certain States that are the beneficiaries of these "exempt" programs.

The Administration strongly opposes an effort to fund additional highway spending by taking down the firewalls established in the Budget Enforcement Act of 1990 (BEA). Such an amendment would increase the deficit. If Congress were to abandon the mutually agreed-upon discipline of the BEA, it could trouble financial markets, cause interest rates to rise, and thus prove counterproductive. That is, it could slow recovery and threaten job creation. If the President were presented a bill that includes a provision taking down the firewalls and thus increasing the deficit, his senior advisers would recommend a veto.

The proposed amendment to increase Federal highway spending above the level contained in the Committee bill should not be financed by increases in the deficit. They should be financed by reductions in unnecessary spending such as that noted below.

The Administration urges the Rules Committee not to make such an amendment in order. Should the Rules Committee make in order any amendment to take down the firewalls, the Administration would urge the Committee to allow a floor vote on a Michel substitute that would direct that all savings available under the caps be applied to reducing the Federal deficit.

The Administration objects to the bill's providing \$1 billion more than the Administration's request for highway demonstration projects, narrow categorical highway projects, mass transit new starts and subsidies, and Amtrak subsidies. The Administration believes that these increases should be re-directed to programs designed to maintain the nation's highway infrastructure, to ensure proper financial controls, and to continue important research on magnetic levitation systems.

Funding provided by the Committee bill for highway demonstration projects (\$167 million) and other narrow categorical highway projects would erode the ability of State planners to make sound transportation decisions, distort the formula allocation of funds, and reduce equity among the States. Funding for these projects would undercut core programs where States can apply the funds flexibly to their highest transportation priorities.

The Administration objects to the Committee's funding level of \$640 million for mass transit new starts and the earmarking of the entire amount provided. These earmarks are made without regard to established cost-effectiveness criteria. In many cases, they are made before the project's total cost is known. For example, the bill would provide \$18 million for a Seattle-Tacoma Commuter Rail project. An alternatives analysis has not been initiated, and the project appears to compete with high-occupancy-vehicle lanes and a rail system proposed for the same corridor.

The Administration urges the restoration of funds to implement the Chief Financial Officers (CFO) Act. The Committee bill would eliminate virtually all funding for CFO Act programs, including \$5.1 million for the Inspector General and \$1.2 million for the Office of the Secretary. These funds are needed to provide for program oversight and effective financial controls. Without such funding, the integrity of these programs could be jeopardized.

The Committee bill does not provide \$12.9 million requested for magnetic levitation systems research. These funds are required to continue studies of economic, technical, and safety issues.

The Administration objects to and requests removal of a legislative provision that would reduce mandatory drug and alcohol testing for airline employees. The Secretary of Transportation has committed to conduct a thorough review to determine the appropriate testing rate that balances the burden on industry with ensuring effective detection and deterrence. The Administration believes that it would be premature to restrict testing rates statutorily in the absence of the Secretary's review of this complex issue.

Finally, the Administration opposes an amendment expected to be offered that would add H.R. 14 to the appropriations bill. H.R. 14 is an authorization provision that would mandate unnecessary and costly duty and rest periods for airline flight attendants. A Federal Aviation Administration (FAA) study of this issue concluded that these requirements would produce no quantifiable safety benefits for airline passengers. The FAA estimates that these requirements would, however, impose \$1 billion in additional costs to airline passengers over the next 15 years. The Secretary of Transportation has previously indicated that he would recommend a veto of such legislation due to these increased costs and absence of quantifiable safety improvements.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5518 -- TRANSPORTATION AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Transportation:

Federal Aviation Administration (FAA). The Committee has reduced FAA's major air traffic modernization projects. The Administration's request for the Advanced Automation System (AAS) has been reduced by \$122 million, and the Voice Switching and Control System (VSCS) has been reduced by \$37 million. Unless \$80 million for AAS and \$9 million in VSCS is restored, these projects would experience delays in implementation as well as additional long-term costs. In addition, the Committee bill would provide \$108 million in unrequested additions, including \$24 million earmarked for university facilities.

Coast Guard. The Committee allocation would fund the Coast Guard at approximately three percent less than the President's request. This reduction would affect virtually all Coast Guard operations and would require funding to be reduced to approximately FY 1992 levels, despite increased cost-of-living and pay raise requirements.

National Recreational Trails Program. The Committee has not provided funding for the National Recreational Trails Program. The President has requested \$15 million for this program to make grants to States to establish and maintain new, multiple-use recreational trails. The House is urged to provide the President's request for this program.

Rental Payments to the General Services Administration (GSA). The Committee has reduced rental payments to GSA by \$35 million. This reduction would prevent the Department of Transportation from reimbursing GSA for space currently occupied. If the Committee's reduction were adopted, GSA would have to make up for the reduced reimbursement from balances in the Federal Buildings Fund. Because spending associated with the reduction would still occur, OMB will score these outlays against the domestic discretionary spending provided by the Transportation appropriations bill.

Other:

Architectural and Transportation Barriers Compliance Board. The Committee bill would provide \$300,000 less than the President's request. It would not allow for any increase in the contract research program or the technical assistance program. Providing funds for these programs at the requested level is critical to support the Board's efforts to gather the data required to develop the accessibility guidelines required by the Americans with Disabilities Act, and to meet the Board's other statutory responsibilities under the Act.

B. Language Provisions

General Provisions: Federal Aviation Administration:

The Committee bill would impose objectionable limitations and requirements on Department of Transportation activities. The Administration believes that prohibiting the use of funds for the planning or implementation of any change to three flight service stations is inappropriate. The Department and FAA should have the flexibility to manage and operate FAA facilities as needed to best serve the air space system.

The Committee bill would also prohibit the collection of passengers facility charges (PFCs) on tickets acquired with frequent flyer or similar bonus programs. The Department of Transportation should retain the discretion to determine on policy grounds whether or not PFCs should pertain to frequent flyer passengers.

The bill would allow the FAA Administrator to bypass merit procedures by appointing students who have completed instruction at specific air traffic controller (ATC) institutions. This would circumvent Office of Personnel Management merit staffing procedures and allow the Administrator to give preferential employment to a specified group.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 24, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5620 -- SUPPLEMENTAL APPROPRIATIONS, TRANSFERS, AND
RESCISSIONS BILL, FY 1992**

(Sponsor: Whitten (D), Mississippi)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Supplemental Appropriations, Transfers, and Rescissions Bill for FY 1992.

The President's senior advisers would recommend that the President veto the bill if it were to contain language approved by the Committee that would permanently prohibit the Department of Labor (DOL) from enforcing its "helper" regulations. Federal courts have repeatedly upheld DOL's promulgation of these rules, most recently in April 1992. Preventing enforcement of these regulations would increase Federal construction costs by over \$500 million per year.

The Administration has requested \$429 million for the Department of Defense (DOD) to cover higher-than-anticipated personnel costs related to Operation Desert Shield/Desert Storm. The Committee has provided \$5.2 billion. The Administration continues to believe that \$429 million is the appropriate amount and objects to the additional funding. Each dollar added above the amount needed for FY 1992 would result in an increase in the deficit.

The bill would terminate the Persian Gulf Regional Defense Fund. The \$15 billion provided for the Fund was not scored by the Office of Management and Budget because specific appropriations action is required before any of the funds may be obligated. Therefore, terminating the Fund would have no scoring consequences.

The Administration opposes the permanent transfer of five UH-60 Black Hawk helicopters to the Drug Enforcement Administration (DEA) from DOD. The provision to transfer these helicopters is unnecessary. The Administration determined in early July that up to five UH-60 Black Hawk helicopters would be loaned by DOD to DEA for approved drug-related programs. Legislation is not required to provide for this support. Moreover, no surplus Black Hawk UH-60 helicopters exist within DOD that could be transferred on a permanent basis.

The Administration opposes the provision that would require DOD to obligate and expend \$730.5 million of the \$879 million appropriated for environmental restoration and compliance by September 30, 1992. With only two months left in FY 1992, this expenditure requirement would not be feasible.

The Administration objects to the unrequested \$50 million included in the bill for DOD educational assistance. There is no national security requirement for these funds.

The Administration opposes language in the bill that would designate \$30 million in drought assistance funding as an emergency requirement. The Administration would support some additional funding to address drought conditions in the western States if provided within the discretionary spending limits.

The bill does not include the Administration's request to transfer \$10 million from the Flexible Subsidy Program and the Rental Housing Assistance Fund into the General Insurance (GI) Fund. This transfer was recommended to fund the added credit subsidy budget authority needed to increase single-family and multi-family mortgage insurance by \$1.5 billion. Without this transfer, the Department of Housing and Urban Development projects that the mortgage insurance programs paid for by the GI Fund would cease underwriting new borrowing before the end of FY 1992. The requested transfer would not increase outlays.

The bill would lower from \$8.74 billion to \$8.7 billion the earmarking for personnel services for veterans' medical care contained in the regular FY 1992 appropriation. The Administration believes that this earmarking should be deleted. Such earmarks infringe upon the Department of Veterans Affairs' management of the veterans' health care system and preclude the Department from utilizing medical funds in the most effective and efficient manner.

On the basis of OMB's preliminary scoring, the funding provided by the bill is within the statutory spending limits mandated by the Budget Enforcement Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 22, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5620 -- SUPPLEMENTAL APPROPRIATIONS, TRANSFERS, AND RESCISSIONS BILL, FY 1992

(Sponsor: Whitten (D), Mississippi)

The purpose of this Statement of Administration Policy is to express the Administration's views on the Supplemental Appropriations, Transfers, and Rescissions Bill for FY 1992.

The President's senior advisers would recommend that the President veto the bill if it contains language approved by the Committee that permanently prohibits the Department of Labor (DOL) from enforcing its "helper" regulations. Federal courts have repeatedly upheld DOL's promulgation of these rules, most recently in April 1992. Preventing enforcement of these regulations would increase Federal construction costs by over \$500 million per year.

The Administration has requested \$429 million for the Department of Defense (DOD) to cover higher-than-anticipated personnel costs related to Operation Desert Shield/Desert Storm. The Defense Subcommittee has provided \$5.2 billion. The Administration continues to believe that \$429 million is the appropriate amount and objects to the additional funding. Each dollar added above the amount needed for FY 1992 would result in an increase in the deficit.

The bill would terminate the Persian Gulf Regional Defense Fund. The \$15 billion provided for the Fund was not scored by the Office of Management and Budget because specific appropriations action is required before any of the funds may be obligated. Therefore, terminating the Fund would have no scoring consequences.

The Administration opposes the permanent transfer of five UH-60 Black Hawk helicopters to the Drug Enforcement Administration (DEA) from DOD. The provision to transfer these helicopters is unnecessary. The Administration determined in early July that up to five UH-60 Black Hawk helicopters would be loaned by DOD to DEA for approved drug-related programs. Legislation is not required to provide for this support. Moreover, no surplus Black Hawk UH-60 helicopters exist within DOD that could be transferred on a permanent basis.

The Administration opposes the provision that would require DOD to obligate and expend \$730.5 million of the \$879 million appropriated for environmental restoration and compliance by September 30, 1992. With only two months left in FY 1992, this expenditure requirement would not be feasible.

The Administration objects to the unrequested \$50 million included in the bill for DOD educational assistance. There is no national security requirement for these funds.

The Administration opposes language in the bill that would designate \$30 million in drought assistance funding as an emergency requirement. The Administration would support some additional funding to address drought conditions in the western States if provided within the discretionary spending limits.

The bill does not include the Administration's request to transfer \$10 million from the Flexible Subsidy Program and the Rental Housing Assistance Fund into the General Insurance (GI) Fund. This transfer was recommended to fund the added credit subsidy budget authority needed to increase single-family and multi-family mortgage insurance by \$1.5 billion. Without this transfer, the Department of Housing and Urban Development projects that the mortgage insurance programs paid for by the GI Fund would cease underwriting new borrowing before the end of FY 1992. The requested transfer would not increase outlays.

The bill would lower from \$8.74 billion to \$8.7 billion the earmarking for personnel services for veterans' medical care contained in the regular FY 1992 appropriation. The Administration believes that this earmarking should be deleted. Such earmarks infringe upon the Department of Veterans Affairs' management of the veterans' health care system and preclude the Department from utilizing medical funds in the most effective and efficient manner.

On the basis of OMB's preliminary scoring, the funding provided by the bill is within the statutory spending limits mandated by the Budget Enforcement Act.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(House Rules)
July 28, 1992 (SENT)

(F)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5678 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Smith (D), Iowa)

This Statement of Administration Policy expresses the Administration's views on H.R. 5678, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, as reported by the House Committee.

Legal Services Corporation

The Administration strongly opposes language in Title IV requiring that none of the funds appropriated for the Legal Services Corporation (LSC) be spent in a manner contrary to the provisions of H.R. 2039, the House-passed LSC reauthorization bill. The President's senior advisers have recommended that the President veto H.R. 2039 for a number of reasons, including concerns about: the unconstitutionality of the Corporation's structure; inadequate restrictions on abortion-related and redistricting-related activities; inadequate controls on lobbying; the lack of competitive bidding for grants; and undue restrictions on the Corporation's ability to monitor the use of funds by grantees.

If, at the time this appropriations bill were presented to the President, the provisions of H.R. 2039 as passed by the House were to govern the operation of the LSC, the President's senior advisers would recommend that he veto this appropriations bill.

Budget Priorities

The Administration strongly opposes the bill's distribution of domestic discretionary funds. The Administration believes that it is unreasonable to fund programs whose missions have been completed, or whose objectives are no longer critical. Continued funding for these programs is at the expense of higher national priorities, such as the war against crime and drugs and programs that would spur national competitiveness.

Based on preliminary OMB scoring, the Committee's recommended overall \$8.9 billion funding level for the Department of Justice is more than \$1.0 billion below the President's request and \$0.4 billion below the FY 1992 enacted level. This level of funding would seriously undermine the Administration's ability to combat crime and drug abuse. Key effects of the Committee's proposed reductions include:

- o Contraction of efforts to combat violent crime. In particular, the requests for the FBI and the U.S. Attorneys are reduced. As a result, the Government would be unable to apprehend and prosecute criminals who threaten our citizens.
- o Impairment of drug law enforcement efforts, reducing a decade-long trend of upgrading the war on drug abuse. Because the requests for the Drug Enforcement Administration and the Organized Crime Drug Enforcement Task Forces are reduced, drug seizures and apprehension of drug dealers would decline, leading to a probable increase in drug use.
- o Inability to apprehend, detain, and deport criminal aliens on a timely basis. As a result of the reduced funding for the Immigration and Naturalization Service, the growing problem of illegal and criminal aliens would not be addressed adequately.

The Administration also objects to the Committee's proposed reductions in critical Department of Commerce programs. Most objectionable are the reductions in trade promotion and export enhancement activities, and those that would undermine improvements in the nation's statistics, especially the planning for the next census. Weather forecasting modernization and technology transfer programs would also be affected adversely.

The bill contains unwarranted increases for other programs. Among the funding that the Administration believes could be reduced or eliminated are the following: \$248 million for the Economic Development Administration; \$21 million for Public Telecommunications facilities grants; \$58 million for narrow categorical National Oceanic and Atmospheric Administration projects; and \$80 million for Small Business Administration programs.

The Committee has not included a legislative provision requested by the Administration that would permit the charging of fees to sentenced offenders in Federal prisons to cover the costs of the first year of incarceration. The Administration believes that the Committee should include the FY 1993 fee proposal that would require those offenders who have the means to contribute to the cost of their care in prison. This proposal would yield about \$50 million in receipts.

The Committee has assumed that authorizing committees of Congress will enact legislation to provide fee revenues to cover substantial portions of base funding for certain programs. Primary examples include the Securities and Exchange Commission (SEC), for which \$92 million in fee collections is assumed, and the Federal Communications Commission (FCC), for which \$71 million in fee collections is assumed. Both the FCC and the SEC would be severely under-funded if the fee legislation were not enacted by Congress.

United Nations Peacekeeping

The Administration commends the Committee for continuing to fund fully the United States contribution to the United Nations, including peacekeeping activities and other international organizations.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5678 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Justice:

Anti-Drug-Abuse Related Resources. The Administration is particularly concerned with the effect of the funding provided by the Committee on drug control programs. Drug-related funding recommended by the Committee is over \$400 million below the request level. The Committee's reduction is about 10 percent of total drug funding requested for the Department of Justice in FY 1993. This lower level of resources would severely disrupt vital investigations, resulting in more cocaine on America's streets.

Legal Resources (U.S. Attorneys, Antitrust Division, And General Legal Activities). The Committee has not provided \$127 million requested for tax collection, collection of the Government's debt, representation of the Government as a creditor in the growing number of bankruptcies, and expanded litigation against defense procurement fraud. The Committee has failed to fund any of the Administration's initiatives in civil rights litigation, such as employment discrimination litigation under the Americans with Disabilities Act, prosecution of civil rights crimes, and fair housing testing.

The Committee's funding level for the U.S. trustees is \$13 million below the request. With this reduction, case backlogs would continue to grow. Not funding this request would leave the door open to fraud and abuse of the bankruptcy system.

Detention and Prisons (Salaries and Expenses, Buildings and Facilities, National Institute of Corrections (NIC), Federal Prison Industries, Support of Prisoners). The Committee has reduced the request for prison operations by \$192 million. These reductions would exacerbate the problem of prison overcrowding. New prisons ready to open would stand empty. In addition, despite a prison overcrowding rate of 45 percent, the request for new prison construction has been reduced by \$246 million. As a result, no new prisons would be constructed.

Justice Inspector General. The Committee provides \$29 million, a reduction of \$2.5 million, or eight percent, from the President's request for the Office of the Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas and other priority issues. Audits of high risk areas such as those listed in the President's budget for U.S. Marshals and INS' financial management and accounting systems and security of Departmental ADP systems and sites could be curtailed, and essential oversight over high risk areas may be reduced significantly.

General Administration. The Committee provides \$113.6 million, a reduction of \$19.2 million, or 14.5 percent, from the President's request for General Administration. This reduction could seriously affect the ability of the Chief Financial Officer to conduct legislatively mandated responsibilities for financial management at the Department. Work on high risk areas such as those listed in the President's budget for the Department of Justice, including work on financial litigation and debt collection, could be curtailed, and essential oversight of these high risk areas may be reduced significantly.

Department of Commerce:

NOAA Satellites and Weather Service. NOAA would be unable to continue production of the GOES satellites as a result of the Committee's \$16 million reduction. This reduction could delay the launch of GOES-I for six months or more. The Committee has provided only 90 percent of the request for weather service operations. Full funding is needed to avoid permanent reductions to current weather services to the public. Reduced funding levels for systems now in procurement (e.g., NEXRAD and ASOS) could complicate contractual agreements and would add costs in the out-years.

In addition, the contractual schedule for delivery of NEXRAD radars is contingent upon facilities availability. The Committee's \$10.7 million reduction to the Facilities construction account would seriously compromise NEXRAD deployment. The Committee has recommended these reductions in high priority areas while providing funding for projects throughout NOAA that the Administration considers to be of lower priority or has proposed for termination.

National Telecommunications and Information Administration (NTIA). The allocation for the National Telecommunications and Information Administration Salaries and expenses account is inadequate. If NTIA had to operate with funding below the FY 1992 enacted

level, it would be unable to improve its management of the Federal radio spectrum or to ensure the transfer of Federal radio spectrum to the private sector.

Statistics: Census and the Economic Statistics Administration. The Committee has provided \$337 million for statistical activities, \$49 million less than the request. The Committee has denied all increases and cut the base for the Economic Statistics Administration, the agency most critical in developing measures of the state of the economy. These reductions would undermine efforts to update and improve the nation's most vital measures of economic performance. They would also prevent the Bureau of Economic Analysis from moving from its current quarters, which fails to meet building and environmental codes, when its lease expires in FY 1993.

The Committee has also reduced the request for the Census Bureau, which would deprive the Bureau of funds needed for the Economic Censuses and Census 2000 planning, thereby jeopardizing these key governmental functions.

U.S. Competitiveness (NIST and the Technology Administration). In an increasingly competitive international marketplace, U.S. industry must rapidly absorb new technology and translate it into new marketable products. NIST has a long-standing and highly successful record of working effectively with industry in developing measurement standards and test methods, as well as advanced research and development, all of which are rapidly transferred to industry.

These activities make an important contribution to the competitiveness of U.S. industry. The Committee has provided \$62 million less than the request for NIST and the Technology Administration at a time when our nation's firms are being challenged at home and abroad on a daily basis.

Commerce Inspector General. The Committee provides \$15.5 million, a reduction of \$2.7 million, or 14.7, percent from the President's request for the Office of Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas. Audit of high risk areas such as those cited in the President's budget for the National Weather Service and the Department's consolidated accounting systems could be curtailed, and essential oversight over high risk areas may be reduced significantly.

General Administration. The Committee provides \$31.7 million, a reduction of almost \$4.3 million, or 12 percent, from the President's request for the Salaries and Expense appropriation for General Administration. This reduction could seriously affect the ability of the Chief Financial Officer to conduct legislatively mandated responsibilities for financial management at the Department. Work on high risk areas such as those listed in the President's budget for the Department of Commerce, including development of an adequate departmental financial management system, could be curtailed and essential oversight of these high risk areas may be reduced significantly.

Commerce Department International Activities:

International Trade Administration (ITA). Exports have provided a major source of economic growth for the U.S. economy over the last five years. ITA provides much needed regional and sectoral expertise to support international trade negotiations and to enforce trade laws and agreements. The Committee has reduced ITA's budget by \$8 million and further reduced ITA's available resources by earmarking funds for several trade promotion programs that are not a high priority for ITA.

Export Administration. The Committee has reduced the request for the Bureau of Export Administration (BXA) by \$3.7 million, or over 8.5 percent. BXA would be required to promulgate a reduction-in-force at this funding level.

Commission on Civil Rights:

Salaries and Expenses. The Committee has reduced funding by \$2.2 million, or 21.5 percent, below the President's request. This decrease would reduce the scope and delay the timing of Commission hearings and related reports (including Los Angeles and Miami hearings on racial tension), and decrease the Commission's ability to monitor Federal Civil Rights enforcement efforts.

Equal Employment Opportunity Commission (EEOC):

Salaries and Expenses. The Administration urges the House to restore funding for the EEOC to the requested level of \$242.8 million. The \$24.2 million reduction proposed by the Committee is almost 10 percent below the level requested by the Administration. The resulting level of \$218.7 million is only four percent above the FY 1992 appropriated level. This level of funding would be barely sufficient to meet even the uncontrollable cost increases for Federal pay raises and related benefit costs.

The Administration's request recognizes that enforcement of the recently enacted Americans with Disabilities Act and the Civil Rights Act will require additional staff and funding for the EEOC. The Committee mark would not allow the EEOC to maintain even current staffing levels and, at a minimum, would result in hiring freezes in FY 1993. Further, the time it takes to resolve complaints would increase substantially.

Small Business Administration (SBA):

SBA Inspector General. The Committee provides \$10.6 million, a reduction of \$2.8 million, or 21.1 percent, from the President's request for the Office of Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas and other priority issues. The President's budget identifies several high risk areas such as the Small Business Development Program, and Small Business Investment Corporations (SBICs). Audits of these high risk areas could be curtailed and essential oversight over high risk areas may be reduced significantly.

B. Objectionable Language Provisions

Department of Justice:

INS. The Committee bill includes language that would deny funds for payment of 1931 Act overtime for INS inspectors. At a time when both Congress and the Administration recognize the necessity of facilitating traffic across land borders, seaports, and airports as a means of facilitating trade and tourism, the Committee is eliminating a means of providing an acceptable level of service.

This provision would also exacerbate a retention and recruitment problem that INS currently faces with its inspection work force. The basic benefit and salary package offered by local, State, and other Federal law enforcement agencies exceeds that offered to INS inspectors.

Inspectors from the U.S. Customs Service and INS staff share the same ports of entry and, at land border ports, are "cross designated" to perform the inspection functions for the other agency. Failure to maintain compensation parity for the inspection work force of each agency would have catastrophic impact on recruitment and retention of staff for the

disadvantaged agency. In this case, it is likely that INS would lose its inspector work force to the U.S. Customs Service.

Department of Transportation:

Maritime Administration Operations and Training. The Administration objects to a provision of the Committee bill that would expand the use of proceeds derived from the sale or disposal of National Defense Reserve Fleet (NDRF) vessels collected and retained by the Maritime Administration. The provision would allow the use of proceeds for purposes other than the maintenance and acquisition of vessels into the NDRF and the Ready Reserve Force.

Commission on Civil Rights:

Salaries and Expenses. The Administration objects to the restrictions in the Committee bill on the use of funds for: regional offices and civil rights monitoring activities; consultants and Schedule C, exempted service employees; and the number of billable days allowed for each Commissioner.

Small Business Administration (SBA):

Small Business Development Centers. The Committee bill would prohibit the SBA from adopting, implementing, or enforcing any regulation for the Small Business Development Centers program or from changing any policy that was in effect on October 1, 1987. The Administration opposes this prohibition because new regulations are needed to prevent possible abuses of the program.

Federal Trade Commission (FTC):

FTC oversight of Federal Deposit Insurance Corporation (FDIC), FDIC Improvement Act (FDICIA) of 1991. The Administration supports the amendment added by the Committee that would prohibit FY 1993 appropriations from being used to implement section 151(a)(1) of the FDICIA of 1991. The Administration has transmitted legislation that would repeal section 151 and provide for a short study of the problems that section 151 attempts to address. Pending the outcome of that study or other legislative changes to section 151, the Administration believes it would be appropriate to delay implementation of section 151.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



(House Floor) (SENT)
July 30, 1992

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5678 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Smith (D), Iowa)

This Statement of Administration Policy expresses the Administration's views on H.R. 5678, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, as reported by the House Committee.

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The Administration strongly opposes language in Title IV requiring that none of the funds appropriated for the Legal Services Corporation (LSC) be spent in a manner contrary to the provisions of H.R. 2039, the House-passed LSC reauthorization bill. The President's senior advisers have recommended that the President veto H.R. 2039 for a number of reasons, including concerns about: the unconstitutionality of the Corporation's structure; inadequate restrictions on abortion-related and redistricting-related activities; inadequate controls on lobbying; the lack of competitive bidding for grants; and undue restrictions on the Corporation's ability to monitor the use of funds by grantees.

If, at the time this appropriations bill were presented to the President, the provisions of H.R. 2039 as passed by the House were to govern the operation of the LSC, the President's senior advisers would recommend that he veto this appropriations bill.

Budget Priorities

The Administration strongly opposes the bill's distribution of domestic discretionary funds. The Administration believes that it is unreasonable to fund programs whose missions have been completed, or whose objectives are no longer critical. Continued funding for these programs is at the expense of higher national priorities, such as the war against crime and drugs and programs that would spur national competitiveness.

Based on preliminary OMB scoring, the Committee's recommended overall \$8.9 billion funding level for the Department of Justice is more than \$1.0 billion below the President's request and \$0.4 billion below the FY 1992 enacted level. This level of funding would seriously undermine the Administration's ability to combat crime and drug abuse. Key effects of the Committee's proposed reductions include:

- o Contraction of efforts to combat violent crime. In particular, the requests for the FBI and the U.S. Attorneys are reduced. As a result, the Government would be unable to apprehend and prosecute criminals who threaten our citizens.
- o Impairment of drug law enforcement efforts, reducing a decade-long trend of upgrading the war on drug abuse. Because the requests for the Drug Enforcement Administration and the Organized Crime Drug Enforcement Task Forces are reduced, drug seizures and apprehension of drug dealers would decline, leading to a probable increase in drug use.
- o Inability to apprehend, detain, and deport criminal aliens on a timely basis. As a result of the reduced funding for the Immigration and Naturalization Service, the growing problem of illegal and criminal aliens would not be addressed adequately.

The Administration also objects to the Committee's proposed reductions in critical Department of Commerce programs. Most objectionable are the reductions in trade promotion and export enhancement activities, and those that would undermine improvements in the nation's statistics, especially the planning for the next census. Weather forecasting modernization and technology transfer programs would also be affected adversely, as would NTIA's ability to manage the Federal radio spectrum and to foster needed infrastructure changes.

The bill contains unwarranted increases for other programs. Among the funding that the Administration believes could be reduced or eliminated are the following: \$248 million for the Economic Development Administration; \$21 million for Public Telecommunications facilities grants; \$58 million for narrow categorical National Oceanic and Atmospheric Administration projects; and \$80 million for Small Business Administration programs.

The Committee has not included a legislative provision requested by the Administration that would permit the charging of fees to sentenced offenders in Federal prisons to cover the costs of the first year of incarceration. The Administration believes that the Committee should include the FY 1993 fee proposal that would require those offenders who have the means to contribute to the cost of their care in prison. This proposal would yield about \$50 million in receipts.

The Committee has assumed that authorizing committees of Congress will enact legislation to provide fee revenues to cover substantial portions of base funding for certain programs. Primary examples include the Securities and Exchange Commission (SEC), for which \$92 million in fee collections is assumed, and the Federal Communications Commission (FCC), for which \$71 million in fee collections is assumed. Both the FCC and the SEC would be severely under-funded if the fee legislation were not enacted by Congress.

The Administration understands that an amendment may be offered that would reduce the funding levels for salaries and expenses appropriations for the Departments of Commerce, Justice, and State. The Administration would oppose such an amendment.

The Administration understands that an amendment may be offered by Representative Cunningham that would provide loan guarantees to build and repair vessels that are militarily useful. The Administration supports the Title XI amendment and would, on a preliminary basis, score the amendment as defense discretionary.

International

The Administration commends the Committee for continuing to fund fully the United States contribution to the United Nations, including peacekeeping activities and other international organizations. The Administration understands that an amendment to delete \$12 million in U.S. Information Agency funding for TV Marti broadcasting to Cuba may be offered. The Administration believes TV Marti is a valuable investment in promoting freedom and democracy in Cuba and would oppose such an amendment.

The Administration strongly opposes an amendment cleared by the Rules Committee that would restrict the construction, repair, or alteration of vessels for the National Oceanic and Atmospheric Administration solely to shipyards located in the United States. Such a restriction would likely be inconsistent with U.S. international trade obligations.

Additional Administration concerns with the Committee bill are contained in the attachment.

Attachment

**ADDITIONAL CONCERNS
H.R. 5678 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Department of Justice:

Anti-Drug-Abuse Related Resources. The Administration is particularly concerned with the effect of the funding provided by the Committee on drug control programs. Drug-related funding recommended by the Committee is over \$400 million below the request level. The Committee's reduction is about 10 percent of total drug funding requested for the Department of Justice in FY 1993. This lower level of resources would severely disrupt vital investigations, resulting in more cocaine on America's streets.

Legal Resources (U.S. Attorneys, Antitrust Division, And General Legal Activities). The Committee has not provided \$127 million requested for tax collection, collection of the Government's debt, representation of the Government as a creditor in the growing number of bankruptcies, and expanded litigation against defense procurement fraud. The Committee has failed to fund any of the Administration's initiatives in civil rights litigation, such as employment discrimination litigation under the Americans with Disabilities Act, prosecution of civil rights crimes, and fair housing testing.

The Committee's funding level for the U.S. trustees is \$13 million below the request. With this reduction, case backlogs would continue to grow. Not funding this request would leave the door open to fraud and abuse of the bankruptcy system.

Detention and Prisons (Salaries and Expenses, Buildings and Facilities, National Institute of Corrections (NIC), Federal Prison Industries, Support of Prisoners). The Committee has reduced the request for prison operations by \$192 million. These reductions would exacerbate the problem of prison overcrowding. New prisons ready to open would stand empty. In addition, despite a prison overcrowding rate of 45 percent, the request for new prison construction has been reduced by \$246 million. As a result, no new prisons would be constructed.

Justice Inspector General. The Committee provides \$29 million, a reduction of \$2.5 million, or eight percent, from the President's request for the Office of the Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas and other priority issues. Audits of high risk areas such as those listed in the President's budget for U.S. Marshals and INS' financial management and accounting systems and security of Departmental ADP systems and sites could be curtailed, and essential oversight over high risk areas may be reduced significantly.

General Administration. The Committee provides \$113.6 million, a reduction of \$19.2 million, or 14.5 percent, from the President's request for General Administration. This reduction could seriously affect the ability of the Chief Financial Officer to conduct legislatively mandated responsibilities for financial management at the Department. Work on high risk areas such as those listed in the President's budget for the Department of Justice, including work on financial litigation and debt collection, could be curtailed, and essential oversight of these high risk areas may be reduced significantly.

Department of Commerce:

NOAA Satellites and Weather Service. NOAA would be unable to continue production of the GOES satellites as a result of the Committee's \$16 million reduction. This reduction could delay the launch of GOES-I for six months or more. The Committee has provided only 90 percent of the request for weather service operations. Full funding is needed to avoid permanent reductions to current weather services to the public. Reduced funding levels for systems now in procurement (e.g., NEXRAD and ASOS) could complicate contractual agreements and would add costs in the out-years.

In addition, the contractual schedule for delivery of NEXRAD radars is contingent upon facilities availability. The Committee's \$10.7 million reduction to the Facilities construction account would seriously compromise NEXRAD deployment. The Committee has recommended these reductions in high priority areas while providing funding for projects throughout NOAA that the Administration considers to be of lower priority or has proposed for termination.

National Telecommunications and Information Administration (NTIA). The allocation for the National Telecommunications and Information Administration Salaries and expenses account is inadequate. If NTIA had to operate with funding below the FY 1992 enacted

level, it would be unable to improve its management of the Federal radio spectrum or to ensure the transfer of Federal radio spectrum to the private sector.

Statistics: Census and the Economic Statistics Administration. The Committee has provided \$337 million for statistical activities, \$49 million less than the request. The Committee has denied all increases and cut the base for the Economic Statistics Administration, the agency most critical in developing measures of the state of the economy. These reductions would undermine efforts to update and improve the nation's most vital measures of economic performance. They would also prevent the Bureau of Economic Analysis from moving from its current quarters, which fails to meet building and environmental codes, when its lease expires in FY 1993.

The Committee has also reduced the request for the Census Bureau, which would deprive the Bureau of funds needed for the Economic Censuses and Census 2000 planning, thereby jeopardizing these key governmental functions.

U.S. Competitiveness (NIST and the Technology Administration). In an increasingly competitive international marketplace, U.S. industry must rapidly absorb new technology and translate it into new marketable products. NIST has a long-standing and highly successful record of working effectively with industry in developing measurement standards and test methods, as well as advanced research and development, all of which are rapidly transferred to industry.

These activities make an important contribution to the competitiveness of U.S. industry. The Committee has provided \$62 million less than the request for NIST and the Technology Administration at a time when our nation's firms are being challenged at home and abroad on a daily basis.

Commerce Inspector General. The Committee provides \$15.5 million, a reduction of \$2.7 million, or 14.7, percent from the President's request for the Office of Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas. Audit of high risk areas such as those cited in the President's budget for the National Weather Service and the Department's consolidated accounting systems could be curtailed, and essential oversight over high risk areas may be reduced significantly.

General Administration. The Committee provides \$31.7 million, a reduction of almost \$4.3 million, or 12 percent, from the President's request for the Salaries and Expense appropriation for General Administration. This reduction could seriously affect the ability of the Chief Financial Officer to conduct legislatively mandated responsibilities for financial management at the Department. Work on high risk areas such as those listed in the President's budget for the Department of Commerce, including development of an adequate departmental financial management system, could be curtailed and essential oversight of these high risk areas may be reduced significantly.

Commerce Department International Activities:

International Trade Administration (ITA). Exports have provided a major source of economic growth for the U.S. economy over the last five years. ITA provides much needed regional and sectoral expertise to support international trade negotiations and to enforce trade laws and agreements. The Committee has reduced ITA's budget by \$8 million and further reduced ITA's available resources by earmarking funds for several trade promotion programs that are not a high priority for ITA.

Export Administration. The Committee has reduced the request for the Bureau of Export Administration (BXA) by \$3.7 million, or over 8.5 percent. BXA would be required to promulgate a reduction-in-force at this funding level.

Commission on Civil Rights:

Salaries and Expenses. The Committee has reduced funding by \$2.2 million, or 21.5 percent, below the President's request. This decrease would reduce the scope and delay the timing of Commission hearings and related reports (including Los Angeles and Miami hearings on racial tension), and decrease the Commission's ability to monitor Federal Civil Rights enforcement efforts.

Equal Employment Opportunity Commission (EEOC):

Salaries and Expenses. The Administration urges the House to restore funding for the EEOC to the requested level of \$242.8 million. The \$24.2 million reduction proposed by the Committee is almost 10 percent below the level requested by the Administration. The resulting level of \$218.7 million is only four percent above the FY 1992 appropriated level. This level of funding would be barely sufficient to meet even the uncontrollable cost increases for Federal pay raises and related benefit costs.

The Administration's request recognizes that enforcement of the recently enacted Americans with Disabilities Act and the Civil Rights Act will require additional staff and funding for the EEOC. The Committee mark would not allow the EEOC to maintain even current staffing levels and, at a minimum, would result in hiring freezes in FY 1993. Further, the time it takes to resolve complaints would increase substantially.

Small Business Administration (SBA):

SBA Inspector General. The Committee provides \$10.6 million, a reduction of \$2.8 million, or 21.1 percent, from the President's request for the Office of Inspector General (OIG). This reduction would seriously affect the ability of the OIG to conduct legislatively mandated audits of financial statements as well as audits and investigations of high risk areas and other priority issues. The President's budget identifies several high risk areas such as the Small Business Development Program, and Small Business Investment Corporations (SBICs). Audits of these high risk areas could be curtailed and essential oversight over high risk areas may be reduced significantly.

United States Information Agency: Salaries and Expenses. The Administration understands an amendment may be offered that would eliminate \$15.2 million to fund USIA's libraries and reading rooms in the OECD countries. The Administration would oppose such an amendment. USIA has greatly reduced the number of such facilities over the past years.

B. Objectionable Language Provisions

Department of Justice:

INS. The Committee bill includes language that would deny funds for payment of 1931 Act overtime for INS inspectors. At a time when both Congress and the Administration recognize the necessity of facilitating traffic across land borders, seaports, and airports as a means of facilitating trade and tourism, the Committee is eliminating a means of providing an acceptable level of service.

This provision would also exacerbate a retention and recruitment problem that INS currently faces with its inspection work force. The basic benefit and salary

package offered by local, State, and other Federal law enforcement agencies exceeds that offered to INS inspectors.

Inspectors from the U.S. Customs Service and INS staff share the same ports of entry and, at land border ports, are "cross designated" to perform the inspection functions for the other agency. Failure to maintain compensation parity for the inspection work force of each agency would have catastrophic impact on recruitment and retention of staff for the disadvantaged agency. In this case, it is likely that INS would lose its inspector work force to the U.S. Customs Service.

Department of Transportation:

Maritime Administration Operations and Training. The Administration objects to a provision of the Committee bill that would expand the use of proceeds derived from the sale or disposal of National Defense Reserve Fleet (NDRF) vessels collected and retained by the Maritime Administration. The provision would allow the use of proceeds for purposes other than the maintenance and acquisition of vessels into the NDRF and the Ready Reserve Force.

Commission on Civil Rights:

Salaries and Expenses. The Administration objects to the restrictions in the Committee bill on the use of funds for: regional offices and civil rights monitoring activities; consultants and Schedule C, exempted service employees; and the number of billable days allowed for each Commissioner.

Small Business Administration (SBA):

Small Business Development Centers. The Committee bill would prohibit the SBA from adopting, implementing, or enforcing any regulation for the Small Business Development Centers program or from changing any policy that was in effect on October 1, 1987. The Administration opposes this prohibition because new regulations are needed to prevent possible abuses of the program.

Federal Trade Commission (FTC):

FTC oversight of Federal Deposit Insurance Corporation (FDIC), FDIC Improvement Act (FDICIA) of 1991. The Administration supports the amendment added by the Committee that would prohibit FY 1993 appropriations from being used to implement section 151(a)(1) of the FDICIA of 1991. The Administration has transmitted legislation that would repeal section 151 and provide

for a short study of the problems that section 151 attempts to address. Pending the outcome of that study or other legislative changes to section 151, the Administration believes it would be appropriate to delay implementation of section 151.



July 29, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5679 -- DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Traxler (D), Michigan)

This Statement of Administration Policy expresses the Administration's views on H.R. 5679, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993, as reported by the House Appropriations Committee.

The President's senior advisers would recommend that the bill be vetoed if it were presented to him in its current form. The Administration strongly objects to several provisions and funding levels as outlined below. Further, the Administration opposes the amendment to be offered by Representatives Traxler and Green that would eliminate funding for building Space Station Freedom. Acceptance of this amendment would devastate America's civil space program.

The funding concerns raised below could be satisfactorily addressed by the House through a reallocation of funding from lower-priority programs. Reductions from the Committee recommendations for Subsidized Housing, Community Development Grants, various construction accounts, and other programs would allow resources to be allocated to initiatives that would more effectively meet national needs.

The Committee has failed to invest in what are arguably some of the most important programs for the nation's future economic growth. This failure would likely have serious adverse consequences for our ability to make advances in key technology areas that help ensure U.S. competitiveness. In the Administration's view, the relative priorities reflected in the Committee mark demonstrate the inability of the Committee to make choices consistent with investments in America's future.

The Administration supports efforts to defeat the rule, which prevents consideration of the Kolbe/Espy amendment. This amendment would provide additional funding for HOPE, a program which helps low-income people realize the dream of homeownership.

Space Station

The Administration supports full funding of the President's request for Space Station Freedom. The Space Station program is the nation's centerpiece space activity for advancing manned spaceflight, conducting world-class research, and developing new technologies. It continues to meet all design, schedule, and budget criteria previously imposed by the Congress. The Committee's reduction would greatly delay the launch schedule, increase the total development cost, result in immediate layoffs of large numbers of contractor personnel, and adversely affect commitments made to our foreign partners.

HOPE

The Administration objects to the Committee's funding of HOPE grants at \$361 million -- a reduction of more than 60 percent from the President's request and a freeze at the FY 1992 level. HOPE is an essential part of the Administration's urban assistance program. It will provide low-income people with access to assets, private property, and opportunity, and help them to realize the dream of homeownership. The rejection of the requested funding of \$1 billion would eliminate the opportunity to own a home for as many as 80,000 low-income families.

HOPE is one of the six urban initiatives the President announced in the wake of the L.A. riots as essential to fighting poverty in America's inner cities. Demand for the program is strong. HUD has already received 1,167 applications this year, and more than 3,600 people have attended HOPE Training Workshops across the country. Further, requests for planning grants show that demand for the program will be even greater in the future. The demonstrated need for HOPE is far beyond what can be met by the current funding level. The Administration strongly urges the House to fund this initiative at the requested level.

High Performance Computing and Communications Initiative (HPCC)

The Administration objects to the \$82 million reduction to the President's request for the HPCC program. Of this reduction, \$15 million is taken from NASA's portion of the HPCC program, and \$62 million is taken from the National Science Foundation's (NSF's) portion of the HPCC program implicit in the Committee's mark. The HPCC is a high-priority, interagency research program that will have major impacts on U.S. industrial competitiveness and scientific and technological leadership. Congress has already recognized the importance of the HPCC program in the High Performance Computing Act of 1991.

Reducing planned funding for NSF's and NASA's activities in the HPCC program would delay the development of advanced hardware, software, and network technologies and Grand Challenge applications in many fields of science and technology. Specifically, it would compromise NASA's ability to lead the software element of the HPCC program, the element deemed most critical if the program is to succeed. Further, it would result in a lengthy delay of the development of the National Research and Education Network led by NSF.

Federal Housing Administration (FHA) Mortgage and Closing Cost Limitations

The Administration opposes Committee proposals to raise the maximum single family FHA mortgage from \$125 thousand to \$172 thousand, and to eliminate the 57-percent limit on the amount of closing costs a borrower can finance in the FHA mortgage. The existing provisions were agreed upon by the Congress and the Administration during negotiation on the National Affordable Housing Act of 1990 (NAHA). They were intended to help the FHA Mutual Mortgage Insurance (MMI) fund achieve the specific minimum capital ratios both sides agreed were necessary to enable the fund to withstand adverse economic conditions through the year 2000.

The 57-percent ratio is necessary to meet the capital ratios mandated in NAHA and to reduce FHA's default rate to below 11 percent. Anything above 57 percent would prevent the fund from meeting these soundness standards. Indeed, the Department of Housing and Urban Development currently estimates that eliminating the 57-percent cap would increase FHA mortgage defaults by 3,700 per year.

The Administration opposes the considerable increase in the mortgage limitation since it moves FHA away from its traditional role as a financial resource for middle and lower income buyers, particularly within inner cities.

Waiver of HUD Vacancy Rule

The Administration strongly objects to the Committee's decision to continue to prevent HUD from implementing a proposed vacancy rule that reforms the public housing program. The proposed rule would reduce operating subsidies paid by HUD for vacant public housing units. Under the existing regulation, HUD pays full operating subsidies on vacant units without regard to whether such units incur full operating costs. This works as a powerful disincentive to local housing authorities to fill vacant units despite high demand by low-income persons for these units.

Superfund

The Administration strongly objects to the Committee's \$334 million reduction from the President's request for Superfund activities and the reallocation of \$52 million to fund activities that do not contribute to site cleanup. At the Committee's funding level, Congress would have reduced the President's Superfund requests by \$800 million over the last four years, bringing the program to its lowest level since FY 1989. The Committee's mark, which is \$184 million below FY 1992 funding, would eliminate 30 planned new cleanup starts in FY 1993. Such a reduction would seriously delay Superfund cleanup activities and unnecessarily extend the risk posed by these sites to public health and the environment.

Environmental Quality Along the Mexican Border

The Administration strongly objects to the Committee impeding the Administration's efforts to improve environmental quality along the Mexican Border in support of the North American Free Trade Agreement. Specifically, the Committee has reduced by one-half the requested \$65 million for the international sewage treatment project to treat Tijuana sewage. Further, none of the requested funding has been provided for initiatives to remedy major water quality problems in Nogales, Arizona, and Calexico, California, resulting from Mexican sewage flows, or to address the total lack of sewage facilities in many of the impoverished colonias in Texas.

Federal Emergency Management Agency Disaster Relief

The Committee bill fails to fund the Administration's \$200 million budget amendment for disaster relief, which was transmitted to Congress on March 23, 1992. The amendment resulted from a review of disaster funding needs, and is intended as a "contingency" fund to be used in the event that FY 1993 is a higher than average disaster year. Funding the budget amendment will ensure that sufficient resources are available in FY 1993.

National Space Council

The Administration strongly opposes the elimination of \$1.6 million for the National Space Council. Over the past year, the Council has coordinated the development and implementation of policies related to Landsat, Mission to Planet Earth, trade with the former Soviet Union, and Space Exploration. Eliminating funds for this agency would seriously impede the nation's ability to implement a coordinated, cost effective national space program. In addition, it would hamper our ability to adjust to the changes brought on by the end of the cold war and the concomitant decline in government spending for aerospace.

Preliminary Scoring

On the basis of OMB's preliminary scoring, the Committee bill exceeds the House 602(b) allocation for domestic discretionary budget authority by \$405 million and exceeds the outlay allocation by \$292 million. The bill is within the allocations for defense discretionary budget authority and outlays. The House 602(b) allocations are consistent with the statutory spending limits enacted in the Budget Enforcement Act.

Additional Administration comments regarding the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5679 -- DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Inspectors General (IG):

General Reductions in Funding for Inspectors General.

The Committee reduced the President's requested increases for each of the Inspectors General of the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF) by 75 percent. This reduction would affect seriously the performance of legislatively-mandated audits of financial statements as well as audits or investigations of high risk programs or other priority issues. Audits of the VA's health care inspection program, contracts with NASA suppliers, and EPA procurement and contract management could be curtailed and essential oversight over high risk areas may be reduced significantly. The High Risk List included in the President's budget shows \$17 billion at risk in HUD, inadequate systems to manage \$158 billion in outstanding loan guarantees in VA, and inadequate financial management at NASA. The Administration strongly urges the House to fund each of these Inspectors General at the requested level.

Federal Emergency Management Agency (FEMA) Inspector General. The Committee would reduce funding for the FEMA Inspector General's Office by 50 percent below the President's request and by 42 percent below the FY 1992 enacted level. The \$3 million funding level provided by the Committee bill would cause the IG to reduce staff to 37 FTE, from the current level of 65 FTE. A reduction-in-force would be likely, and FEMA might have to close field office in Atlanta, San Francisco and San Juan, Puerto Rico.

The Committee's recommendation could result in only about half of the anticipated audit activities being performed, and almost half of FEMA's budget would be at risk (not subject to any IG oversight). At a time when agencies are being asked to correct situations involving fraud, waste, abuse, or management shortcomings, the Administration believes that a 50

percent reduction in funding would be shortsighted and counterproductive. The House is urged to restore funding to the requested level.

Resolution Trust Corporation (RTC) Office of Inspector General (OIG). The Committee has reduced the Administration's request for OIG by \$9 million, to \$34 million. This reduction would not allow the OIG to monitor adequately the RTC, which currently holds \$80 billion in assets from failed thrifts. The management and sale of these assets remains highly susceptible to waste, fraud, and abuse. The Committee's mark would freeze the OIG at the current level of 315 FTE and would reduce the resources available for contracting by 50 percent. The OIG had planned to contract out the audits of the 1988 FSLIC arrangements as required in last year's appropriations bill. The OIG has also been asked by the RTC to undertake receivership audits.

Department of Housing and Urban Development (HUD):

Perestroika for Public Housing. The Committee bill would provide no funding for the Administration's new "Perestroika for Public Housing" initiative. This initiative represents a radical and critical restructuring of the public housing program as it relates to the most distressed public housing authorities in the country. The principle underlying the initiative is choice: namely, affording residents of troubled public housing the right to choose either alternative management or ownership. Offering residents a greater range of choice for the control, modernization, and operation of their public housing communities will increase management's incentives to improve efficiency. Perestroika will force public housing authorities to be accountable to the people who live in public housing.

Community Development Block Grants (CDBG). The Committee recommends \$4 billion for Community Development Block Grants, an increase of nearly 18 percent from the FY 1992 enacted level. While CDBG is considered an important tool for communities in economic development activities, States and communities have not spent nearly \$6 billion of previous appropriations for CDBG. Given this backlog, the Administration believes that it would be very unlikely that the dramatic increase in funding recommended by the Committee would assist in the current economic recovery.

Subsidized Housing -- Housing Vouchers. The President's budget proposes rental housing assistance for 87,000 new families at a cost of \$3 billion. Almost all of this assistance would be delivered through tenant-based housing vouchers. While the

Committee has adopted some of the Administration's request, it also has funded a number of high-cost, new construction programs. As a result, the Committee bill would assist only 74,222 new families, at a higher overall cost of over \$4 billion. The Administration favors assisting more families through a lower cost mix of programs.

Further, the Committee bill would provide \$866 million, an increase of 7.5 percent over the FY 1992 enacted level, for public and Indian housing new construction. This program is one of the Federal government's least cost-effective housing programs. With the same amount of dollars used for direct rental assistance (vouchers and certificates), the Federal government would help twice as many low-income persons find decent housing. Moreover, vouchers and certificates allow individuals freedom in deciding where to live. In the Administration's view, the existence of over 104,000 vacant public housing units makes the Committee's funding level for the construction of new public housing units even more difficult to justify as an appropriate use of scarce resources.

The President's budget funds Indian housing units through a set-aside of \$125 million in the HOME program. Funding Indian housing through the HOME program would provide greater flexibility to Indian tribes to develop housing programs that they believe are most effective.

HUD Administration. The Committee bill would reduce total funding for HUD staff by almost five percent. Further, the bill stipulates that most of these reductions must be taken from headquarters staff. This means that the workforce reduction would fall on a small fraction of HUD employees. These reductions would tie the hands of those who run HUD, as well as those, like the Inspector General, who audit and investigate its programs. This action would restrict HUD's ability to develop the capacity to meet the mandates imposed by Congress to reduce management problems and to address effectively the needs of those who depend on HUD's programs. If left unchanged, these cuts would precipitate reductions-in-force and/or lengthy furloughs of HUD employees.

Public Housing Modernization. The Committee recommends nearly \$700 million in excess of the President's request for Public Housing Modernization. Funding this program at this level would only exacerbate a backlog of over \$6.8 billion in available but unspent modernization funds. The House is urged to lower funding to the requested level.

Subsidized Housing -- Section 8 Certificate Amendments. The Committee bill would fund Section 8 certificate amendments at \$400 million, a reduction of \$312.5 million from the request of \$712.5 million. The reduction is based upon a finding in the April 21st Report of the Inspector General that HUD may have overstated funding needs for Section 8 certificate amendments by \$312.5 million. The Inspector General's finding is a lower bound on the amount of funding for certificate amendments. The finding specifically cautions that no funding is provided for amendments that cannot be accurately estimated through the accounting system. Because of HUD's systems problems that continue to make accurate estimates difficult to achieve, and to avoid a subsequent supplemental, language providing flexibility to move funds among HUD's housing programs should be added to the bill.

Subsidized Housing -- Leasing for Housing for the Elderly. The Committee does not implement the Administration's proposal to complement new housing construction with the added flexibility of permitting non-profit organizations to lease existing housing units for the elderly. Leasing is not only less expensive than new construction, but also provides more choice in housing and provides for housing more quickly where housing stock is available. The House is urged to adopt the Administration's proposal as an alternative to higher-cost approaches to meeting the unique housing needs of the elderly and disabled.

Restore. The Committee bill does not fund the Administration's program for Restore grants and loans. This program is a comprehensive approach to solving the problems of troubled, HUD-assisted and insured multi-family housing projects. Restore would base all assistance on an assessment of the total physical and financial needs of each project. Restore would also encourage greater tenant participation by giving tenants a financial stake in their projects. Further, it would encourage greater tenant choice by replacing long-term, project-based rental assistance with project stabilization vouchers portable after two years.

Flexible Subsidy Fund. The Committee bill would deny the Administration's request to transfer \$87.6 million in offsetting collections to the general fund of the Treasury. Since it is a direct loan program, the Flexible Subsidy Fund should be set up consistent with the requirements for such programs under the Credit Reform Act. The Administration urges the House to adopt its requested appropriations language.

Congregate Services. The Committee mark would provide \$7.5 million for the Congregate Services program, which provides support services directly to the elderly and

disabled. An evaluation of this program has shown it to be less effective than alternative programs, specifically, the HOPE Elderly Independence initiative and Service Coordinators for the elderly and disabled. The Administration urges the House to delete funding for Congregate Services in favor of funding for more effective programs.

Department of Veterans Affairs (VA):

Construction. The Administration strongly objects to the Committee action adding \$157.5 million to construct a major clinical addition, a second parking garage, and several other new buildings at the Ann Arbor, Michigan VA hospital. These funds would increase the size of the hospital by 77 percent. This project would serve a declining population of veterans and duplicate highly expensive medical technologies already available to veterans under VA contracts with the University of Michigan (located across the street from the VA hospital). In the past five years, Ann Arbor has closed 16 percent of its operating beds. Further, the facility is located within 50 miles of a new \$300 million, 503-bed VA hospital in Detroit. Since FY 1991, including this \$158 million increase, VA medical centers in Michigan have received 29 percent of all VA major construction funds. This is not only an inequitable distribution of resources among VA's hospitals, but it is wasteful spending that should be deleted from this bill.

The Administration objects to the Committee's \$29.3 million reduction to the request for VA's minor construction. This reduction would hamper VA's efforts to maintain and upgrade its aging medical facilities because it would delay vital patient environment and life safety projects by at least one year.

The Administration further objects to the Committee action adding \$42 million to build an outpatient clinic in El Paso, Texas -- a project that exceeds VA's planning standards. These funds would be more effectively allocated to the construction of an outpatient addition at the Wilmington, Delaware VA hospital. The Committee deleted the Administration's \$20.5 million request for this project, which is needed to meet VA's outpatient workload projections.

Medical Care. The Administration objects to the significant increase in staff for Medical Care as proposed by the Committee. Redirecting over \$45 million to increased staffing levels would generate roughly 950 FTE over the budget request. The request already includes an FTE increase over FY 1992 of 2,053 for opening new facilities, meeting new residency standards, and other activities. To improve the

veterans' Medical Care system with this \$45 million, the Administration believes that the Committee should allow the VA to spend these funds as VA deems necessary. For example, such funds could offset pharmaceutical cost increases or decrease the equipment backlog.

Environmental Protection Agency (EPA):

Construction Grants. The Administration objects to the Committee's reduction of \$164 million for sewage treatment construction funding and the diversion of an additional \$100 million to unwarranted special interest projects. This would reduce the amount of infrastructure funding available to States, through their State revolving funds, to address sewage treatment problems within their borders that pose the greatest environmental risks.

Operating Program. The Administration objects to the reduction of \$135 million in funds requested to address high priority environmental risk through EPA's operating programs (Salaries and expenses; Abatement, control and compliance; Research and development; and Inspector General) in order to fund numerous unrequested special interest projects. These reductions would hamper implementation of high priority programs, such as Clean Air implementation, in order to fund projects that are unneeded, duplicate other projects, bypass competitive funding procedures, or are not appropriate for a Federal role.

Buildings and Facilities. The Administration objects to the Committee's \$95 million increase for projects not needed to accomplish EPA's mission. In particular, the \$85 million provided for a research and training facility in Bay City, Michigan, to house a yet-to-be determined program was not requested, and the facility would be duplicative of existing facilities. Even more egregious is a \$10 million earmark to build a biomedical center at Columbia University that would have no direct benefit to EPA or the taxpayers.

National Aeronautics and Space Administration (NASA):

National Aerospace Plane. The Administration strongly objects to the deletion of the President's request (\$80 million) for NASA's portion of the joint NASA/DOD National Aerospace Plane program. The program represents the cutting edge of research and technology in materials, propulsion, and computing applications. Further, it bolsters America's preeminence in the aerospace industry during a time of severe industry cutbacks.

To date, over \$2 billion has been invested by government and industry on the unique skills and facilities required for hypersonic research. A reduction of this magnitude would severely delay the completion of the technology development phase, and eliminate NASA's contribution to a program that has civilian as well as military applications.

U.S Global Change Research Program. The Committee recommends a reduction of \$75 million from the request for NASA's Earth Observing System (EOS). EOS is a series of space-based remote sensing instruments that will collect a broad range of key environmental data needed to support the U.S. Global Change Research Program (USGCRP) initiative authorized by Congress. This reduction would significantly delay the collection of data needed to support policy decisions related to global change issues (e.g., ozone depletion, global warming, desertification).

The Committee also has recommended that \$33.5 million of this reduction be used to fund a noncompetitively-selected, special interest research institute in Saginaw, Michigan (including \$50 million for construction of a building for this institute in NASA's construction account).

Advanced Solid Rocket Motor (ASRM). The Administration objects to the provision of \$480 million in unrequested funding to continue development of the Advanced Solid Rocket Motor (ASRM) and construction of related facilities. This program, which would develop a new solid motor for the Space Shuttle, has been proposed for cancellation because of its high remaining cost -- over \$2.5 billion for the ASRM to reach flight status no earlier than 1997.

Unlike other NASA projects competing for these scarce resources, alternatives exist to offset the loss of the ASRM capability. The existing motor, which entered service after the ASRM program was initiated, has performed successfully in all 23 of its Shuttle missions to date.

New Launch System. The Committee bill provides only \$10 million of the \$125 million requested for the development of a New Launch System (NLS). This joint NASA/Department of Defense (DOD) program is intended to reduce the operating cost of launch vehicles and to improve their reliability, responsiveness, and mission performance. Additional funding is required for NASA to continue its important role in this joint effort. NLS will support the launch needs of DOD and NASA. Therefore, development funding should be shared by both agencies.

Space Exploration. The Committee bill deletes \$28 million of the \$31 million requested in the President's budget for activities related to future exploration of the Moon and Mars. The Administration objects to the deletion of all of the funding requested to initiate two small, low-cost unmanned exploration missions to the Moon. These missions, planned for launch in three to four years, will map the Moon's surface features, surface composition, and gravity field. The data and experience that will be provided by these missions is needed to support decisions on future exploration missions to the Moon and Mars.

Aeronautics. The Administration objects to the \$10 million reduction to the President's budget for a new state-of-the-art supercomputer (HSP-3) for aeronautics research. The loss of HSP-3 would severely disrupt planned upgrades to the Numerical Aerodynamic Simulation (NAS) program, the nation's premier supercomputer facility for supporting commercial and military aeronautics research. The HSP-3 will quadruple the current NAS computing capacity to help meet the burgeoning demand to solve more complex aeronautical problems. The Administration believes that NASA's procurement of the new supercomputer is wholly consistent with existing legislation and regulations and should not be delayed.

The Committee earmarks \$1.25 million more for civilian tiltrotor activities than the President has requested. The request of \$5.4 million for advanced rotorcraft technology is sufficient for addressing high priority research areas in tiltrotor aircraft. The earmark is objectionable particularly given tight resources elsewhere in the agency.

Advanced Materials and Processing. The President's Budget proposes a new multi-year interagency program to enhance research and development efforts in materials science and technology. While the Committee does not specify its recommendations for this program in NASA (or for the National Science Foundation), the Administration is concerned that the program would not be fully supported within the funds provided in the bill. The House is urged to provide the requested funding to improve the synthesis, processing and performance of materials.

National Science Foundation (NSF):

Research and Related Activities. The Committee has recommended freezing NSF's Research and Related Activities account at the FY 1992 level, a \$333 million, or 15-percent, decrease from the President's FY 1993 request. Report language directs NSF to take this reduction proportionally across all research

disciplines. This recommendation would effectively terminate the President's initiative to double NSF's budget by FY 1994 and would have severe adverse impacts on NSF's contributions to the President's interagency research initiatives (i.e., global change, materials, biotechnology, and high performance computing).

These investments in basic research and education activities are central to the goal of creating new knowledge that can help keep our nation competitive in the world marketplace and train the next generation of scientists and engineers. The Committee's recommended across-the-board reductions would also jeopardize the programmatic balance established by the National Science Board and the merit review process.

Education and Human Resources. The Committee bill would freeze the Foundation's Education and Human Resources account at the FY 1992 funding level -- a \$14 million, or three-percent, decrease from the President's FY 1993 request. This recommendation would have serious adverse impacts on NSF's efforts to train the next generation of scientists and engineers and greatly diminish NSF's contribution to the President's interagency Math and Science Education initiative.

Salaries and Expenses. The Committee has recommended eliminating \$19.5 million proposed in the President's budget for NSF's moving expenses. NSF's current lease expires in 1995, and the GSA has competitively procured a new facility in Ballston, Virginia. The Committee recommendation would eliminate the funds needed for relocation, plus a repayment to GSA of \$3.5 million for FY 1992 pre-move planning efforts. The Administration urges the House to restore these funds.

Federal Emergency Management Agency (FEMA):

Civil Defense. The Committee bill would fund Civil Defense activities at a level 14 percent higher than the Administration's request. Specifically, the Committee would increase funding for Emergency Management Assistance grants by \$6 million (10 percent), and for the repair of underground storage tanks at Emergency Broadcast System (EBS) stations and State and local Emergency Operating Centers (EOCs) by \$10 million (500 percent). Additionally, the bill would provide unrequested funds for direction control and warning systems, and for an emergency operations center in Jones County, Mississippi.

Hazardous Materials Training Grants. The bill would provide \$5 million for Hazardous Materials Training Grants, which are authorized in the Superfund Amendments Reauthorization Act (SARA) but not requested in the President's budget. The Administration believes

that funding for this program is unnecessary because other existing FEMA, EPA, and DOT programs already provide funding to States and local governments for hazardous materials training.

Administrative Provisions. The Administration objects to bill language that has the effect of micromanaging the agency. For example, the bill caps selected headquarter's staff by office. This action impedes the ability of the FEMA Director to utilize staff resources most efficiently.

Federal Deposit Insurance Corporation (FDIC):

Low-income Housing. The Administration opposes \$10 million provided by the Committee for the operation by the FDIC of a low-income housing program. FDIC's efforts would be better directed toward the maximization of sales prices of liquidated assets in order to ensure the Bank Insurance Fund's ability to repay borrowings from the Treasury. FDIC's expertise is in carrying out the deposit insurance function, not in operating housing programs.

Bank Enterprise Act. The Administration opposes \$1 million provided by the Committee for "issuing minimum requirements and guidelines" for the Bank Enterprise Act. FDIC's efforts would be better directed toward protecting the deposit insurance system by resolving insolvent institutions, not in operating a new loan or investment subsidy program.

Other Agencies:

Points of Light Foundation. The Committee's recommendation for the Points of Light Foundation is \$5 million below the President's request of \$10 million. The Foundation was appropriated \$5 million for FY 1991 and FY 1992. The Points of Light Foundation should be funded at the requested level to enable it to achieve its goal of making direct and consequential service aimed at serious social problems central to the life and work of every American.

Commission on National and Community Service. The Committee's recommendation for the Commission is \$38 million below the President's request of \$75 million. The President's request represents a freeze at the Commission's FY 1992 level of funding. A funding level of \$37 million in FY 1993 would not enable the Commission to continue support for the three-year grant programs begun in June 1992. The more than \$60 million that the Commission has awarded for FY 1992 grants would be wasted if sufficient funding is not appropriated.

B. Language Provisions

Department of Housing and Urban Development:

Assistance for the Renewal of Expiring Section 8 Subsidy Contracts. The Committee is urged to restore the requested transfer authority of up to five percent. This will provide a needed contingency in case the initial budget estimates prove to be too low. HUD has worked to improve the budget estimates for these contract renewals. However, they still rest on a survey of voluminous paper records in HUD's field offices that have been subject to error in the past. To assure adequate funding, some flexibility through transfer authority is necessary in order to assure that all expiring contracts are renewed.

Limitation on Amendment Funding for New HUD Rental Assistance Contracts. The Committee is urged to restore the requested language that would cease the practice of budgeting an initial amount for rental assistance contracts and then seeking additional appropriations to cover "shortfalls" in such funding. Such amendment shortfalls recently reached over \$2 billion annually, which is a substantial portion of HUD's total appropriation. The requested language would prohibit such amendments on new contracts funded in FY 1993 but would not affect existing contracts. The use of shorter-term five-year contracts and central reserve accounts should permit implementation of this prohibition without adversely affecting program recipients or contract administrators.

Departmental Management. The Administration urges a return to the long-standing practice of a single Salaries and expenses appropriation for HUD. Last year, eight separate appropriations were established, and the Committee continues this practice this year. Separate appropriations limit the Secretary's ability to manage staff efficiently and to reallocate staff so they can respond to unexpected demands.

Senior Executive Service Limits. The Administration urges deletion of the provision in the Committee bill that would limit HUD to 15 non-career positions in the Senior Executive Service (SES). Such micromanagement of an Executive Branch agency severely limits management flexibility.

Section 8 Fees for Rental Assistance. The Administration opposes language recommended by the Committee that would raise administrative fees paid to local housing authorities from the proposed 7.25 percent to 8.2 percent. Research by the General Accounting Office and HUD has determined that a fee in

the range of 7.2 percent is sufficient to cover the costs of local housing authorities.

HUD Administrative Provisions. The Administration objects to a number of provisions of the Committee bill that would exempt certain communities from the rules and requirements of several HUD programs (CDBG, Section 202, and HoDAG). For example, the provisions would require HUD to pay Milton, Massachusetts, for otherwise ineligible housing development costs and would alleviate the City of Springfield, Massachusetts, of its responsibility to return certain housing development grants to HUD. These provisions would set an undesirable precedent and raise equity issues with respect to other communities that have "played by the existing rules".

Environmental Protection Agency:

Personnel Ceiling. The Administration opposes inclusion of specific staff levels for EPA headquarter offices and activities related to an unbuilt and unneeded research and training facility in Bay City, Michigan. Congressional micromanagement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The House is urged to delete these provisions.

Pollution Prevention Act Implementation. The Administration strongly opposes the provision related to implementation of the Pollution Prevention Act through EPA's Toxic Chemical Release Inventory Form R, as revised on May 19, 1992. This provision represents an unnecessary and inappropriate abridgement of the requirements of the Paperwork Reduction Act of 1980. The Paperwork Reduction Act makes adequate provision for the extension of Agency paperwork forms; there is no justification for an indefinite extension of this specific paperwork. The Paperwork Reduction Act also provides for public consultation and a formal public record for comments from interested parties. The "logging" requirements for any communication related to the revision of Form R is both unnecessary and unduly burdensome.

Department of Veterans Affairs:

Medical Care. The Administration urges the House to delete two provisions that would earmark \$9.4 billion for personnel services and prohibit funds from being used to implement an agency directive. These provisions would infringe upon VA's executive management of the veterans' health care system and preclude the Department from utilizing medical resources in the most effective and efficient manner.

Language making equipment, land, and structures funds available for two fiscal years is not necessary. VA medical centers have adequate time to plan and obligate funds for these activities. The restriction on obligation of certain funds until the fourth quarter of the fiscal year would simply delay the obligation of funds. It would not preclude VA medical centers from taking all steps necessary before August 1st each year to ensure that obligations can be made before the end of the fiscal year. The House is urged to delete this language.

Consumer Product Safety Commission (CPSC):

User Fees. Private industry currently receives CPSC advice, expertise, and safety "certification" free-of-charge. The President's Budget proposes to recover the costs of these services through user fees. This proposal is consistent with the CPSC reauthorization bill currently pending in the House, which allows CPSC to keep any user fees it charges. In failing to adopt the proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of Federal services. The House is urged to adopt the proposed language.

Selective Service System:

Draft Registration. The Administration opposes the provision that would prevent the Selective Service System from obligating sufficient funds to continue draft registration after March 31, 1993. Selective Service registration is a component of national security preparedness. Registration is accepted by the public; compliance is at 97 percent. The House is urged to delete this provision.

Various Agencies:

Quota Directives. The Committee bill directs the EPA, NASA, and the RTC to "ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs ... be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals." Such individuals "shall be deemed to include women."

A Congressional grant of Federal money or benefits solely on the basis of the recipient's race or gender is presumptively unconstitutional under the equal protection provisions of the Constitution. The Supreme Court has held that race or gender preferences violate the Constitution unless they are substantially related to the accomplishment of important goals. See Metro Broadcasting, Inc. v. FCC, 110 S. Ct. 2997 (1990)

(holding that Congressionally enacted racial preferences must serve important governmental goals and be substantially related to achieving those goals); Mississippi University for Women v. Hogan, 458 U.S. 718 (1982) (prescribing similar standards for gender preferences). The provisions in the Committee bill would withstand constitutional scrutiny only if there were sufficient evidence to meet this standard.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 28, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5679 -- DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993**

(Sponsors: Whitten (D), Mississippi; Traxler (D), Michigan)

This Statement of Administration Policy expresses the Administration's views on H.R. 5679, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993, as reported by the House Appropriations Committee.

The President's senior advisers would recommend that the bill be vetoed if it were presented to him in its current form. The Administration strongly objects to several provisions and funding levels as outlined below. Further, the Administration would oppose any amendments that would eliminate or further reduce sharply funding for the Space Station.

The funding concerns raised below could be satisfactorily addressed by the House through a reallocation of funding from lower-priority programs. Reductions from the Committee recommendations for Subsidized Housing, Community Development Grants, various construction accounts, and other programs would allow resources to be allocated to initiatives that would more effectively meet national needs.

The Committee has failed to invest in what are arguably some of the most important programs for the nation's future economic growth. This failure would likely have serious adverse consequences for our ability to make advances in key technology areas that help ensure U.S. competitiveness. In the Administration's view, the relative priorities reflected in the Committee mark demonstrate the inability of the Committee to make choices consistent with investments in America's future.

High Performance Computing and Communications Initiative (HPCC)

The Administration objects to the \$82 million reduction to the President's request for the HPCC program. Of this reduction, \$15 million is taken from NASA's portion of the HPCC program, and \$62 million is taken from the National Science Foundation's (NSF's) portion of the HPCC program implicit in the Committee's mark. The HPCC is a high-priority, interagency research program that will have major impacts on U.S. industrial competitiveness and scientific and technological leadership. Congress has already recognized the importance of the HPCC program in the High Performance Computing Act of 1991.

Reducing planned funding for NSF's and NASA's activities in the HPCC program would delay the development of advanced hardware, software, and network technologies and Grand Challenge applications in many fields of science and technology. Specifically, it would compromise NASA's ability to lead the software element of the HPCC program, the element deemed most critical if the program is to succeed. Further, it would result in a lengthy delay of the development of the National Research and Education Network led by NSF.

Space Station

The Administration opposes the \$525 million reduction to the President's request for Space Station Freedom. The Space Station program is the nation's centerpiece space activity for advancing manned spaceflight, conducting world-class research, and developing new technologies. It continues to meet all design, schedule, and budget criteria previously imposed by the Congress. The Committee's reduction would greatly delay the launch schedule, increase the total development cost, result in immediate layoffs of large numbers of contractor personnel, and adversely impact commitments made to our foreign partners.

We understand that amendments may be offered that would further reduce or terminate the Space Station Freedom program. Adoption of any such amendments would be tantamount to gutting the manned space program. The Administration strongly urges the House to restore the full amount requested for Space Station Freedom and oppose any amendment that would reduce its funding.

HOPE

The Administration objects to the Committee's funding of HOPE grants at \$361 million -- a reduction of more than 60 percent from the President's request and a freeze at the FY 1992 level. HOPE is an essential part of the Administration's urban assistance program. It will provide low-income people with access to assets, private property, and opportunity, and help them to realize the dream of homeownership. The rejection of the requested funding of \$1 billion would eliminate the opportunity to own a home for as many as 80,000 low-income families.

HOPE is one of the six urban initiatives the President announced in the wake of the L.A. riots as essential to fighting poverty in America's inner cities. Demand for the program is strong. HUD has already received 1,167 applications this year, and more than 3,600 people have attended HOPE Training Workshops across the country. Further, requests for planning grants show that demand for the program will be even greater in the future. The demonstrated need for HOPE is far beyond what can be met by the current funding level. The Administration strongly urges the House to fund this initiative at the requested level.

Federal Housing Administration (FHA) Mortgage and Closing Cost Limitations

The Administration opposes Committee proposals to raise the maximum single family FHA mortgage from \$125 thousand to \$172 thousand, and to eliminate the 57-percent limit on the amount of closing costs a borrower can finance in the FHA mortgage. The existing provisions were agreed upon by the Congress and the Administration during negotiation on the National Affordable Housing Act of 1990 (NAHA). They were intended to help the FHA Mutual Mortgage Insurance (MMI) fund achieve the specific minimum capital ratios both sides agreed were necessary to enable the fund to withstand adverse economic conditions through the year 2000.

The 57-percent ratio is necessary to meet the capital ratios mandated in NAHA and to reduce FHA's default rate to below 11 percent. Anything above 57 percent would prevent the fund from meeting these soundness standards. Indeed, the Department of Housing and Urban Development currently estimates that eliminating the 57-percent cap would increase FHA mortgage defaults by 3,700 per year.

The Administration opposes the considerable increase in the mortgage limitation since it moves FHA away from its traditional role as a financial resource for middle and lower income buyers, particularly within inner cities.

Waiver of HUD Vacancy Rule

The Administration strongly objects to the Committee's decision to continue to prevent HUD from implementing a proposed vacancy rule that reforms the public housing program. The proposed rule would reduce operating subsidies paid by HUD for vacant public housing units. Under the existing regulation, HUD pays full operating subsidies on vacant units without regard to whether such units incur full operating costs. This works as a powerful disincentive to local housing authorities to fill vacant units despite high demand by low-income persons for these units.

Superfund

The Administration strongly objects to the Committee's \$334 million reduction from the President's request for Superfund activities and the reallocation of \$52 million to fund activities that do not contribute to site cleanup. At the Committee's funding level, Congress would have reduced the President's Superfund requests by \$800 million over the last four years, bringing the program to its lowest level since FY 1989. The Committee's mark, which is \$184 million below FY 1992 funding, would eliminate 30 planned new cleanup starts in FY 1993. Such a reduction would seriously delay Superfund cleanup activities and unnecessarily extend the risk posed by these sites to public health and the environment.

Environmental Quality Along the Mexican Border

The Administration strongly objects to the Committee impeding the Administration's efforts to improve environmental quality along the Mexican Border in support of the North American Free Trade Agreement. Specifically, the Committee has reduced by one-half the requested \$65 million for the international sewage treatment project to treat Tijuana sewage. Further, none of the requested funding has been provided for initiatives to remedy major water quality problems in Nogales, Arizona, and Calexico, California, resulting from Mexican sewage flows, or to address the total lack of sewage facilities in many of the impoverished colonias in Texas.

Federal Emergency Management Agency Disaster Relief

The Committee bill fails to fund the Administration's \$200 million budget amendment for disaster relief, which was transmitted to Congress on March 23, 1992. The amendment resulted from a review of disaster funding needs, and is intended as a "contingency" fund to be used in the event that FY 1993 is a higher than average disaster year. Funding the budget amendment will ensure that sufficient resources are available should that year be an extraordinarily costly disaster year.

National Space Council

The Administration strongly opposes the elimination of \$1.6 million for the National Space Council. Over the past year, the Council has coordinated the development and implementation of policies related to Landsat, Mission to Planet Earth, trade with the former Soviet Union, and Space Exploration. Eliminating funds for this agency would seriously impede the nation's ability to implement a coordinated, cost effective national space program. In addition, it would hamper our ability to adjust to the changes brought on by the end of the cold war and the concomitant decline in government spending for aerospace.

Additional Administration comments regarding the Committee bill are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5679 -- DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Inspectors General (IG):

General Reductions in Funding for Inspectors General.

The Committee reduced the President's requested increases for each of the Inspectors General of the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF) by 75 percent. This reduction would affect seriously the performance of legislatively-mandated audits of financial statements as well as audits or investigations of high risk programs or other priority issues. Audits of the VA's health care inspection program, contracts with NASA suppliers, and EPA procurement and contract management could be curtailed and essential oversight over high risk areas may be reduced significantly. The High Risk List included in the President's budget shows \$17 billion at risk in HUD, inadequate systems to manage \$158 billion in outstanding loan guarantees in VA, and inadequate financial management at NASA. The Administration strongly urges the House to fund each of these Inspectors General at the requested level.

Federal Emergency Management Agency (FEMA) Inspector General. The Committee would reduce funding for the FEMA Inspector General's Office by 50 percent below the President's request and by 42 percent below the FY 1992 enacted level. The \$3 million funding level provided by the Committee bill would cause the IG to reduce staff to 37 FTE, from the current level of 65 FTE. A reduction-in-force would be likely, and FEMA might have to close field office in Atlanta, San Francisco and San Juan, Puerto Rico.

The Committee's recommendation could result in only about half of the anticipated audit activities being performed, and almost half of FEMA's budget would be at risk (not subject to any IG oversight). At a time when agencies are being asked to correct situations involving fraud, waste, abuse, or management shortcomings, the Administration believes that a 50

percent reduction in funding would be shortsighted and counterproductive. The House is urged to restore funding to the requested level.

Resolution Trust Corporation (RTC) Office of Inspector General (OIG). The Committee has reduced the Administration's request for OIG by \$9 million, to \$34 million. This reduction would not allow the OIG to monitor adequately the RTC, which currently holds \$80 billion in assets from failed thrifts. The management and sale of these assets remains highly susceptible to waste, fraud, and abuse. The Committee's mark would freeze the OIG at the current level of 315 FTE and would reduce the resources available for contracting by 50 percent. The OIG had planned to contract out the audits of the 1988 FSLIC arrangements as required in last year's appropriations bill. The OIG has also been asked by the RTC to undertake receivership audits.

Department of Housing and Urban Development (HUD):

Perestroika for Public Housing. The Committee bill would provide no funding for the Administration's new "Perestroika for Public Housing" initiative. This initiative represents a radical and critical restructuring of the public housing program as it relates to the most distressed public housing authorities in the country. The principle underlying the initiative is choice: namely, affording residents of troubled public housing the right to choose either alternative management or ownership. Offering residents a greater range of choice for the control, modernization, and operation of their public housing communities will increase management's incentives to improve efficiency. Perestroika will force public housing authorities to be accountable to the people who live in public housing.

Community Development Block Grants (CDBG). The Committee recommends \$4 billion for Community Development Block Grants, an increase of nearly 18 percent from the FY 1992 enacted level. While CDBG is considered an important tool for communities in economic development activities, States and communities have not spent nearly \$6 billion of previous appropriations for CDBG. Given this backlog, the Administration believes that it would be very unlikely that the dramatic increase in funding recommended by the Committee would assist in the current economic recovery.

Subsidized Housing -- Housing Vouchers. The President's budget proposes rental housing assistance for 87,000 new families at a cost of \$3 billion. Almost all of this assistance would be delivered through tenant-based housing vouchers. While the

Committee has adopted some of the Administration's request, it also has funded a number of high-cost, new construction programs. As a result, the Committee bill would assist only 74,222 new families, at a higher overall cost of over \$4 billion. The Administration favors assisting more families through a lower cost mix of programs.

Further, the Committee bill would provide \$866 million, an increase of 7.5 percent over the FY 1992 enacted level, for public and Indian housing new construction. This program is one of the Federal government's least cost-effective housing programs. With the same amount of dollars used for direct rental assistance (vouchers and certificates), the Federal government would help twice as many low-income persons find decent housing. Moreover, vouchers and certificates allow individuals freedom in deciding where to live. In the Administration's view, the existence of over 104,000 vacant public housing units makes the Committee's funding level for the construction of new public housing units even more difficult to justify as an appropriate use of scarce resources.

The President's budget funds Indian housing units through a set-aside of \$125 million in the HOME program. Funding Indian housing through the HOME program would provide greater flexibility to Indian tribes to develop housing programs that they believe are most effective.

HUD Administration. The Committee bill would reduce total funding for HUD staff by almost five percent. Further, the bill stipulates that most of these reductions must be taken from headquarters staff. This means that the workforce reduction would fall on a small fraction of HUD employees. These reductions would tie the hands of those who run HUD, as well as those, like the Inspector General, who audit and investigate its programs. This action would restrict HUD's ability to develop the capacity to meet the mandates imposed by Congress to reduce management problems and to address effectively the needs of those who depend on HUD's programs. If left unchanged, these cuts would precipitate reductions-in-force and/or lengthy furloughs of HUD employees.

Public Housing Modernization. The Committee recommends nearly \$700 million in excess of the President's request for Public Housing Modernization. Funding this program at this level would only exacerbate a backlog of over \$6.8 billion in available but unspent modernization funds. The House is urged to lower funding to the requested level.

Subsidized Housing -- Section 8 Certificate Amendments.

The Committee bill would fund Section 8 certificate amendments at \$400 million, a reduction of \$312.5 million from the request of \$712.5 million. The reduction is based upon a finding in the April 21st Report of the Inspector General that HUD may have overstated funding needs for Section 8 certificate amendments by \$312.5 million. The Inspector General's finding is a lower bound on the amount of funding for certificate amendments. The finding specifically cautions that no funding is provided for amendments that cannot be accurately estimated through the accounting system. Because of HUD's systems problems that continue to make accurate estimates difficult to achieve, and to avoid a subsequent supplemental, language providing flexibility to move funds among HUD's housing programs should be added to the bill.

Subsidized Housing -- Leasing for Housing for the Elderly.

The Committee does not implement the Administration's proposal to complement new housing construction with the added flexibility of permitting non-profit organizations to lease existing housing units for the elderly. Leasing is not only less expensive than new construction, but also provides more choice in housing and provides for housing more quickly where housing stock is available. The House is urged to adopt the Administration's proposal as an alternative to higher-cost approaches to meeting the unique housing needs of the elderly and disabled.

Restore. The Committee bill does not fund the Administration's program for Restore grants and loans. This program is a comprehensive approach to solving the problems of troubled, HUD-assisted and insured multi-family housing projects. Restore would base all assistance on an assessment of the total physical and financial needs of each project. Restore would also encourage greater tenant participation by giving tenants a financial stake in their projects. Further, it would encourage greater tenant choice by replacing long-term, project-based rental assistance with project stabilization vouchers portable after two years.

Flexible Subsidy Fund. The Committee bill would deny the Administration's request to transfer \$87.6 million in offsetting collections to the general fund of the Treasury. Since it is a direct loan program, the Flexible Subsidy Fund should be set up consistent with the requirements for such programs under the Credit Reform Act. The Administration urges the House to adopt its requested appropriations language.

Congregate Services. The Committee mark would provide \$7.5 million for the Congregate Services program, which provides support services directly to the elderly and

disabled. An evaluation of this program has shown it to be less effective than alternative programs, specifically, the HOPE Elderly Independence initiative and Service Coordinators for the elderly and disabled. The Administration urges the House to delete funding for Congregate Services in favor of funding for more effective programs.

Department of Veterans Affairs (VA):

Construction. The Administration strongly objects to the Committee action adding \$157.5 million to construct a major clinical addition, a second parking garage, and several other new buildings at the Ann Arbor, Michigan VA hospital. These funds would increase the size of the hospital by 77 percent. This project would serve a declining population of veterans and duplicate highly expensive medical technologies already available to veterans under VA contracts with the University of Michigan (located across the street from the VA hospital). In the past five years, Ann Arbor has closed 16 percent of its operating beds. Further, the facility is located within 50 miles of a new \$300 million, 503-bed VA hospital in Detroit. Since FY 1991, including this \$158 million increase, VA medical centers in Michigan have received 29 percent of all VA major construction funds. This is not only an inequitable distribution of resources among VA's hospitals, but it is wasteful spending that should be deleted from this bill.

The Administration objects to the Committee's \$29.3 million reduction to the request for VA's minor construction. This reduction would hamper VA's efforts to maintain and upgrade its aging medical facilities because it would delay vital patient environment and life safety projects by at least one year.

The Administration further objects to the Committee action adding \$42 million to build an outpatient clinic in El Paso, Texas -- a project that exceeds VA's planning standards. These funds would be more effectively allocated to the construction of an outpatient addition at the Wilmington, Delaware VA hospital. The Committee deleted the Administration's \$20.5 million request for this project, which is needed to meet VA's outpatient workload projections.

Medical Care. The Administration objects to the significant increase in staff for Medical Care as proposed by the Committee. Redirecting over \$45 million to increased staffing levels would generate roughly 950 FTE over the budget request. The request already includes an FTE increase over FY 1992 of 2,053 for opening new facilities, meeting new residency standards, and other activities. To improve the

veterans' Medical Care system with this \$45 million, the Administration believes that the Committee should allow the VA to spend these funds as VA deems necessary. For example, such funds could offset pharmaceutical cost increases or decrease the equipment backlog.

Environmental Protection Agency (EPA):

Construction Grants. The Administration objects to the Committee's reduction of \$164 million for sewage treatment construction funding and the diversion of an additional \$100 million to unwarranted special interest projects. This would reduce the amount of infrastructure funding available to States, through their State revolving funds, to address sewage treatment problems within their borders that pose the greatest environmental risks.

Operating Program. The Administration objects to the reduction of \$135 million in funds requested to address high priority environmental risk through EPA's operating programs (Salaries and expenses; Abatement, control and compliance; Research and development; and Inspector General) in order to fund numerous unrequested special interest projects. These reductions would hamper implementation of high priority programs, such as Clean Air implementation, in order to fund projects that are unneeded, duplicate other projects, bypass competitive funding procedures, or are not appropriate for a Federal role.

Buildings and Facilities. The Administration objects to the Committee's \$95 million increase for projects not needed to accomplish EPA's mission. In particular, the \$85 million provided for a research and training facility in Bay City, Michigan, to house a yet-to-be determined program was not requested, and the facility would be duplicative of existing facilities. Even more egregious is a \$10 million earmark to build a biomedical center at Columbia University that would have no direct benefit to EPA or the taxpayers.

National Aeronautics and Space Administration (NASA):

National Aerospace Plane. The Administration strongly objects to the deletion of the President's request (\$80 million) for NASA's portion of the joint NASA/DOD National Aerospace Plane program. The program represents the cutting edge of research and technology in materials, propulsion, and computing applications. Further, it bolsters America's preeminence in the aerospace industry during a time of severe industry cutbacks.

To date, over \$2 billion has been invested by government and industry on the unique skills and facilities required for hypersonic research. A reduction of this magnitude would severely delay the completion of the technology development phase, and eliminate NASA's contribution to a program that has civilian as well as military applications.

U.S Global Change Research Program. The Committee recommends a reduction of \$75 million from the request for NASA's Earth Observing System (EOS). EOS is a series of space-based remote sensing instruments that will collect a broad range of key environmental data needed to support the U.S. Global Change Research Program (USGCRP) initiative authorized by Congress. This reduction would significantly delay the collection of data needed to support policy decisions related to global change issues (e.g., ozone depletion, global warming, desertification).

The Committee also has recommended that \$33.5 million of this reduction be used to fund a noncompetitively-selected, special interest research institute in Saginaw, Michigan (including \$50 million for construction of a building for this institute in NASA's construction account).

Advanced Solid Rocket Motor (ASRM). The Administration objects to the provision of \$480 million in unrequested funding to continue development of the Advanced Solid Rocket Motor (ASRM) and construction of related facilities. This program, which would develop a new solid motor for the Space Shuttle, has been proposed for cancellation because of its high remaining cost -- over \$2.5 billion for the ASRM to reach flight status no earlier than 1997.

Unlike other NASA projects competing for these scarce resources, alternatives exist to offset the loss of the ASRM capability. The existing motor, which entered service after the ASRM program was initiated, has performed successfully in all 23 of its Shuttle missions to date.

New Launch System. The Committee bill provides only \$10 million of the \$125 million requested for the development of a New Launch System (NLS). This joint NASA/Department of Defense (DOD) program is intended to reduce the operating cost of launch vehicles and to improve their reliability, responsiveness, and mission performance. Additional funding is required for NASA to continue its important role in this joint effort. NLS will support the launch needs of DOD and NASA. Therefore, development funding should be shared by both agencies.

Space Exploration. The Committee bill deletes \$28 million of the \$31 million requested in the President's budget for activities related to future exploration of the Moon and Mars. The Administration objects to the deletion of all of the funding requested to initiate two small, low-cost unmanned exploration missions to the Moon. These missions, planned for launch in three to four years, will map the Moon's surface features, surface composition, and gravity field. The data and experience that will be provided by these missions is needed to support decisions on future exploration missions to the Moon and Mars.

Aeronautics. The Administration objects to the \$10 million reduction to the President's budget for a new state-of-the-art supercomputer (HSP-3) for aeronautics research. The loss of HSP-3 would severely disrupt planned upgrades to the Numerical Aerodynamic Simulation (NAS) program, the nation's premier supercomputer facility for supporting commercial and military aeronautics research. The HSP-3 will quadruple the current NAS computing capacity to help meet the burgeoning demand to solve more complex aeronautical problems. The Administration believes that NASA's procurement of the new supercomputer is wholly consistent with existing legislation and regulations and should not be delayed.

The Committee earmarks \$1.25 million more for civilian tiltrotor activities than the President has requested. The request of \$5.4 million for advanced rotorcraft technology is sufficient for addressing high priority research areas in tiltrotor aircraft. The earmark is objectionable particularly given tight resources elsewhere in the agency.

Advanced Materials and Processing. The President's Budget proposes a new multi-year interagency program to enhance research and development efforts in materials science and technology. While the Committee does not specify its recommendations for this program in NASA (or for the National Science Foundation), the Administration is concerned that the program would not be fully supported within the funds provided in the bill. The House is urged to provide the requested funding to improve the synthesis, processing and performance of materials.

National Science Foundation (NSF):

Research and Related Activities. The Committee has recommended freezing NSF's Research and Related Activities account at the FY 1992 level, a \$333 million, or 15-percent, decrease from the President's FY 1993 request. Report language directs NSF to take this reduction proportionally across all research

disciplines. This recommendation would effectively terminate the President's initiative to double NSF's budget by FY 1994 and would have severe adverse impacts on NSF's contributions to the President's interagency research initiatives (i.e., global change, materials, biotechnology, and high performance computing).

These investments in basic research and education activities are central to the goal of creating new knowledge that can help keep our nation competitive in the world marketplace and train the next generation of scientists and engineers. The Committee's recommended across-the-board reductions would also jeopardize the programmatic balance established by the National Science Board and the merit review process.

Education and Human Resources. The Committee bill would freeze the Foundation's Education and Human Resources account at the FY 1992 funding level -- a \$14 million, or three-percent, decrease from the President's FY 1993 request. This recommendation would have serious adverse impacts on NSF's efforts to train the next generation of scientists and engineers and greatly diminish NSF's contribution to the President's interagency Math and Science Education initiative.

Salaries and Expenses. The Committee has recommended eliminating \$19.5 million proposed in the President's budget for NSF's moving expenses. NSF's current lease expires in 1995, and the GSA has competitively procured a new facility in Ballston, Virginia. The Committee recommendation would eliminate the funds needed for relocation, plus a repayment to GSA of \$3.5 million for FY 1992 pre-move planning efforts. The Administration urges the House to restore these funds.

Federal Emergency Management Agency (FEMA):

Civil Defense. The Committee bill would fund Civil Defense activities at a level 14 percent higher than the Administration's request. Specifically, the Committee would increase funding for Emergency Management Assistance grants by \$6 million (10 percent), and for the repair of underground storage tanks at Emergency Broadcast System (EBS) stations and State and local Emergency Operating Centers (EOCs) by \$10 million (500 percent). Additionally, the bill would provide unrequested funds for direction control and warning systems, and for an emergency operations center in Jones County, Mississippi.

Hazardous Materials Training Grants. The bill would provide \$5 million for Hazardous Materials Training Grants, which are authorized in the Superfund Amendments Reauthorization Act (SARA) but not requested in the President's budget. The Administration believes

that funding for this program is unnecessary because other existing FEMA, EPA, and DOT programs already provide funding to States and local governments for hazardous materials training.

Federal Deposit Insurance Corporation (FDIC):

Low-income Housing. The Administration opposes \$10 million provided by the Committee for the operation by the FDIC of a low-income housing program. FDIC's efforts would be better directed toward the maximization of sales prices of liquidated assets in order to ensure the Bank Insurance Fund's ability to repay borrowings from the Treasury. FDIC's expertise is in carrying out the deposit insurance function, not in operating housing programs.

Bank Enterprise Act. The Administration opposes \$1 million provided by the Committee for "issuing minimum requirements and guidelines" for the Bank Enterprise Act. FDIC's efforts would be better directed toward protecting the deposit insurance system by resolving insolvent institutions, not in operating a new loan or investment subsidy program.

Other Agencies:

Points of Light Foundation. The Committee's recommendation for the Points of Light Foundation is \$5 million below the President's request of \$10 million. The Foundation was appropriated \$5 million for FY 1991 and FY 1992. The Points of Light Foundation should be funded at the requested level to enable it to achieve its goal of making direct and consequential service aimed at serious social problems central to the life and work of every American.

Commission on National and Community Service. The Committee's recommendation for the Commission is \$38 million below the President's request of \$75 million. The President's request represents a freeze at the Commission's FY 1992 level of funding. A funding level of \$37 million in FY 1993 would not enable the Commission to continue support for the three-year grant programs begun in June 1992. The more than \$60 million that the Commission has awarded for FY 1992 grants would be wasted if sufficient funding is not appropriated.

B. Language Provisions

Department of Housing and Urban Development:

Assistance for the Renewal of Expiring Section 8 Subsidy Contracts. The Committee is urged to restore

the requested transfer authority of up to five percent. This will provide a needed contingency in case the initial budget estimates prove to be too low. HUD has worked to improve the budget estimates for these contract renewals. However, they still rest on a survey of voluminous paper records in HUD's field offices that have been subject to error in the past. To assure adequate funding, some flexibility through transfer authority is necessary in order to assure that all expiring contracts are renewed.

Limitation on amendment funding for new HUD rental assistance contracts. The Committee is urged to restore the requested language that would cease the practice of budgeting an initial amount for rental assistance contracts and then seeking additional appropriations to cover "shortfalls" in such funding. Such amendment shortfalls recently reached over \$2 billion annually, which is a substantial portion of HUD's total appropriation. The requested language would prohibit such amendments on new contracts funded in FY 1993 but would not affect existing contracts. The use of shorter-term five-year contracts and central reserve accounts should permit implementation of this prohibition without adversely affecting program recipients or contract administrators.

Departmental Management. The Administration urges a return to the long-standing practice of a single Salaries and expenses appropriation for HUD. Last year, eight separate appropriations were established, and the Committee continues this practice this year. Separate appropriations limit the Secretary's ability to manage staff efficiently and to reallocate staff so they can respond to unexpected demands.

Senior Executive Service Limits. The Administration urges deletion of the provision in the Committee bill that would limit HUD to 15 non-career positions in the Senior Executive Service (SES). Such micromanagement of an Executive Branch agency severely limits management flexibility.

Section 8 Fees for Rental Assistance. The Administration opposes language recommended by the Committee that would raise administrative fees paid to local housing authorities from the proposed 7.25 percent to 8.2 percent. Research by the General Accounting Office and HUD has determined that a fee in the range of 7.2 percent is sufficient to cover the costs of local housing authorities.

HUD Administrative Provisions. The Administration objects to a number of provisions of the Committee bill that would exempt certain communities from the rules and requirements of several HUD programs (CDBG, Section

202, and HoDAG). For example, the provisions would require HUD to pay Milton, Massachusetts, for otherwise ineligible housing development costs and would alleviate the City of Springfield, Massachusetts, of its responsibility to return certain housing development grants to HUD. These provisions would set an undesirable precedent and raise equity issues with respect to other communities that have "played by the existing rules".

Environmental Protection Agency:

Personnel Ceiling. The Administration opposes inclusion of specific staff levels for EPA headquarter offices and activities related to an unbuilt and unneeded research and training facility in Bay City, Michigan. Congressional micromanagement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The House is urged to delete these provisions.

Pollution Prevention Act Implementation. The Administration strongly opposes the provision related to implementation of the Pollution Prevention Act through EPA's Toxic Chemical Release Inventory Form R, as revised on May 19, 1992. This provision represents an unnecessary and inappropriate abridgement of the requirements of the Paperwork Reduction Act of 1980. The Paperwork Reduction Act makes adequate provision for the extension of Agency paperwork forms; there is no justification for an indefinite extension of this specific paperwork. The Paperwork Reduction Act also provides for public consultation and a formal public record for comments from interested parties. The "logging" requirements for any communication related to the revision of Form R is both unnecessary and unduly burdensome.

Department of Veterans Affairs:

Medical Care. The Administration urges the House to delete two provisions that would earmark \$9.4 billion for personnel services and prohibit funds from being used to implement an agency directive. These provisions would infringe upon VA's executive management of the veterans' health care system and preclude the Department from utilizing medical resources in the most effective and efficient manner.

Language making equipment, land, and structures funds available for two fiscal years is not necessary. VA medical centers have adequate time to plan and obligate funds for these activities. The restriction on obligation of certain funds until the fourth quarter of the fiscal year would simply delay the obligation of funds. It would not preclude VA medical centers from

taking all steps necessary before August 1st each year to ensure that obligations can be made before the end of the fiscal year. The House is urged to delete this language.

Consumer Product Safety Commission (CPSC):

User Fees. Private industry currently receives CPSC advice, expertise, and safety "certification" free-of-charge. The President's Budget proposes to recover the costs of these services through user fees. This proposal is consistent with the CPSC reauthorization bill currently pending in the House, which allows CPSC to keep any user fees it charges. In failing to adopt the proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of Federal services. The House is urged to adopt the proposed language.

Selective Service System:

Draft Registration. The Administration opposes the provision that would prevent the Selective Service System from obligating sufficient funds to continue draft registration after March 31, 1993. Selective Service registration is a component of national security preparedness. Registration is accepted by the public; compliance is at 97 percent. The House is urged to delete this provision.

Various Agencies:

Quota Directives. The Committee bill directs the EPA, NASA, and the RTC to "ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs ... be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals." Such individuals "shall be deemed to include women."

A Congressional grant of Federal money or benefits solely on the basis of the recipient's race or gender is presumptively unconstitutional under the equal protection provisions of the Constitution. The Supreme Court has held that race or gender preferences violate the Constitution unless they are substantially related to the accomplishment of important goals. See Metro Broadcasting, Inc. v. FCC, 110 S. Ct. 2997 (1990) (holding that Congressionally enacted racial preferences must serve important governmental goals and be substantially related to achieving those goals); Mississippi University for Women v. Hogan, 458 U.S. 718 (1982) (prescribing similar standards for gender preferences). The provisions in the Committee bill would withstand constitutional scrutiny only if there were sufficient evidence to meet this standard.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 4, 1992 (SENT)
(Senate Floor)

F

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**H.R. 5679 -- DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993**

(Sponsors: Byrd (D), West Virginia; Mikulski (D), Maryland)

This Statement of Administration Policy provides the Administration's views on H.R. 5679, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 1993, as reported by the Senate Appropriations Committee.

In his FY 1993 Budget, the President proposed to freeze domestic and international discretionary spending at FY 1992 levels, and to cut defense discretionary spending below the FY 1992 level. The President has stated that he will veto any bill that exceeds his request. On the basis of OMB's preliminary scoring, the Senate Committee version of H.R. 5679 is within the President's request for both domestic and defense discretionary budget authority. If the bill presented to the President were to exceed his request for discretionary budget authority of \$66,070 million, the President would veto the bill. Attached is a table that provides OMB's preliminary scoring of the bill.

The remainder of this letter discusses other Administration concerns with the Senate Committee version of H.R. 5679. The discussion addresses the Administration's priorities for program funding and provides suggestions that would lead to a fiscally responsible bill that funds programs of national significance.

The Senate Committee version of the bill is preferable to the House-passed bill. It includes more funds for Space Station Freedom, eliminates a House provision that would roll back Federal housing program reforms, and reduces the House's reduction in Superfund cleanup funds. However, the Administration has a number of major concerns that are discussed in more detail below. These concerns could be addressed satisfactorily through a reallocation of funding from lower-priority programs. Reductions from the Committee recommendations for Subsidized Housing, Community Development Grants, various construction accounts, and other programs would allow resources to be allocated to initiatives that would more effectively meet national needs.

Space Station

The Space Station Freedom program is the centerpiece of the U.S. space program. It is essential for advancing manned spaceflight, conducting world-class research, and developing new technologies. It continues to meet all design, schedule, and budget criteria previously imposed by the Congress.

The Administration understands that amendments may be offered that would further reduce or terminate the Space Station Freedom program. The Administration strongly urges the Senate to oppose any amendment that would reduce or terminate funding for Space Station Freedom.

HOPE

The Administration objects to the funding of HOPE grants (HOPE I, II, III, and Elderly Independence) at \$440 million, a reduction of 56 percent from the President's request. HOPE is an essential part of the Administration's urban assistance program. It would provide low-income people with access to private property and help them to realize the dream of homeownership. The rejection of most of the requested funding of \$1 billion would eliminate the opportunity to own a home for as many as 70,000 low-income families.

The Administration also objects to the Committee's funding of two new unauthorized "HOPE" programs, especially "HOPE VI," which is funded at \$500 million. The President's Perestroika for Public Housing initiative, which has not been funded by the Committee, represents a more comprehensive and targeted response to the problems facing public housing residents.

The Administration objects to making available up to \$100 million (23 percent of the total appropriated) of HOPE I, II, and III funds to meet any shortfall in Section 8 contract renewals in FY 1993. The President's HOPE initiative is a top Administration priority. It should not be viewed as a reserve fund for an insufficiently funded Section 8 contract renewals program.

The Administration's HOPE initiative is one of the six urban initiatives the President announced in the wake of the Los Angeles riots as essential to fighting poverty in America's inner cities. Demand for the program is strong. The Department of Housing and Urban Development (HUD) has already received 1,167 applications this year, and more than 3,600 people have attended HOPE Training Workshops across the country. Requests for planning grants show that demand for the program will be even greater in the future. The demonstrated need for HOPE is far beyond what can be met by the current funding level. The Administration strongly urges the Senate to fund this initiative at the requested level.

Federal Housing Administration (FHA) Mortgage Limitations

The Administration opposes provisions to raise the maximum single-family FHA mortgage from \$125 thousand to \$151 thousand. The \$125 thousand limit was agreed upon by the Congress and the Administration during negotiation on the National Affordable Housing Act of 1990. The increase in the mortgage limitation would move FHA away from its traditional role as a financial resource for middle- and lower-income buyers, particularly those within the inner cities.

Subsidized Housing -- Housing Vouchers

The Administration objects to the Committee's mix of programs, which relies on high-cost new construction projects. Although the Committee has added over \$150 million to the overall funding level, actual new housing assistance for those most in need would be lowered dramatically. Fewer than 28,000 new households would be assisted under the Committee's mix of programs. In contrast, the Administration would assist 87,000 new households. A more cost-effective program mix would place more emphasis on housing vouchers. This would provide more households with assistance and a choice in where to reside.

Unauthorized Special Purpose Grants

The Administration strongly opposes the \$126.3 million in new grants for 110 separate, community-based projects that are listed in the Committee report. These projects are inconsistent with the intent of the Housing and Urban Development Reform Act to provide open and fair competition among jurisdictions for scarce housing and urban development funds.

Waiver of HUD Vacancy Rule

The Administration strongly objects to the provision that would prevent HUD from implementing a proposed vacancy rule to reform the public housing program. The proposed rule would reduce operating subsidies paid by HUD for vacant public housing units. Under the existing rule, HUD pays full operating subsidies on vacant units without regard to whether such units incur full operating costs. This provides a powerful disincentive to local housing authorities to fill vacant units despite a high demand for these units by low-income persons.

Environmental Quality Along the Mexican Border

The Administration strongly objects to provisions of the bill that would impede efforts to improve environmental quality along the Mexican Border in support of the North American Free Trade Agreement. The Committee eliminates funding for the international sewage treatment project to treat Tijuana sewage. This project was authorized by section 510 of the Water Quality Act of 1987 and is needed to fulfill U.S. commitments to Mexico. Also, no funding is provided to remedy major water quality sewage problems in Nogales, Arizona, and Calexico, California. The Administration is pleased, however, by the Committee's support for addressing sewage problems in the colonias.

Implementation of Environmental Statutes

The Administration has consistently increased support for the Environmental Protection Agency's (EPA's) efforts to implement and enforce EPA's environmental statutes aggressively. For the second year in a row, however, the Committee has chosen to reduce substantially funding for EPA programs in order to fund special interest projects.

The Committee's \$94 million reduction for salaries would eliminate up to 1,200 workyears and hamper implementation of programs addressing high environmental risks, such as Clean Air Act implementation. Instead, the Committee has funded projects that are unneeded, duplicate other projects, bypass competitive funding procedures, or are not appropriate for Federal funding. The Senate is urged to demonstrate its commitment to the environment by restoring funding for these workyears.

Coastal Water Quality - Construction Grants

The Administration strongly objects to the deletion of \$340 million requested for Boston Harbor and other high priority coastal secondary or advanced treatment facilities. These projects are targeted to cities that are located in coastal areas with significant recreational and ecological resources. In these areas, expedited construction can have a significant impact on coastal water quality.

Superfund

The Administration supports the Committee's restoration of much of the deep reduction in funding for Superfund included in the House-passed bill. The Administration urges the Senate to restore the Committee's \$134 million reduction to the request for Superfund and to delete earmarking of \$64 million for activities unrelated to site cleanup. The Committee's funding level would result in delays in actual cleanup of sites and extend the risk posed by these sites to public health and the environment.

Hazardous Waste Regulatory Reform

The Administration strongly opposes any amendments that would hamper or delay EPA's regulatory reform effort to revise the existing hazardous waste "mixture and derived-from" rule. Reform of the hazardous waste program is long overdue and badly needed. Without reform, up to \$1.8 billion annually in unnecessary costs would continue to be imposed on the regulated community. Undermining the ongoing regulatory development process for this rule would be an inappropriate use of the appropriations process. If Congress wishes to address the issue legislatively, the issue should be subject to public hearing and debate as part of the normal Congressional authorization process.

Interagency Council on the Homeless (ICH)

The bill provides no funding for the ICH despite the Council's critical role in Federal efforts to address the problems of homelessness. The ICH also provides vital technical assistance to the private sector as well as State and local governments.

Scoring Issues

OMB has preliminarily determined that \$55 million included in the bill for "Defense conversion engineering traineeship activities" would not be classified as defense spending. Accordingly, no budget authority or outlays are scored for this program since bill language prohibits the use of the funds unless they are classified in the defense category.

Additional Administration concerns with the bill as reported by the Committee are contained in the attachment.

Attachment

ADDITIONAL CONCERNS
H.R. 5679 -- DEPARTMENT OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT, AND
INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993

MAJOR PROVISIONS OPPOSED BY THE ADMINISTRATION

A. Funding Levels

Inspectors General (IG):

General Reductions in Funding for IG. The Committee reduces by 50 percent the President's requested increases for each of the IGs of the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD), the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF).

These reductions would affect seriously the performance of legislatively-mandated audits of financial statements as well as audits or investigations of high risk programs or other priority issues. Audits of the VA's health care inspection program, contracts with NASA suppliers, and EPA procurement and contract management could be curtailed, and essential oversight over high risk areas could be reduced significantly.

The high risk list included in the President's budget shows \$17 billion at risk in HUD, inadequate systems to manage \$158 billion in outstanding loan guarantees in VA, and inadequate financial management at NASA. The Administration strongly urges the Senate to fund each of these IGs at the requested level.

Federal Emergency Management Agency (FEMA) Inspector General (IG). The bill would reduce funding for the FEMA IG's Office by 50 percent below the President's request and by 42 percent below the FY 1992 enacted level. The \$3 million funding level provided by the bill would cause the IG to reduce staff to less than 20 FTE from the current level of 65 FTE. A reduction-in-force would be required, and FEMA might have to close field offices in Atlanta, San Francisco, and San Juan, Puerto Rico.

The Committee's recommendation could result in only about half of the anticipated audit activities being

performed, and almost half of FEMA's budget would be at risk (not subject to any IG oversight). At a time when agencies are being asked to correct situations involving fraud, waste, abuse, or management shortcomings, the Administration believes that a 50-percent reduction in funding would be shortsighted and counterproductive. The Senate is strongly urged to restore funding to the requested level. At a minimum, the Senate is urged to provide funding sufficient not to require a reduction-in-force in the Office of the IG.

Resolution Trust Corporation (RTC) Office of Inspector General (OIG). The Committee reduces the Administration's request for OIG by \$6 million, to \$37 million. This reduction would not allow the OIG to monitor adequately the RTC, which currently holds \$80 billion in assets from failed thrifts. The management and sale of these assets remains highly susceptible to waste, fraud, and abuse. The Committee's mark would freeze the OIG at the current level of 315 FTE and would reduce the resources available for contracting by 20 percent. -The OIG had planned to contract out the audits of the 1988 FSLIC arrangements as required in last year's appropriations bill. The OIG has also been asked by the RTC to undertake receivership and other audits.

Department of Housing and Urban Development (HUD):

Perestroika for Public Housing. The bill would provide no funding for the Administration's new "Perestroika for Public Housing" initiative. This initiative represents a radical and critical restructuring of the public housing program as it relates to the most distressed public housing authorities in the country. The principle underlying the initiative is choice: namely, affording residents of troubled public housing the right to choose either alternative management or ownership. Offering residents a greater range of choice for the control, modernization, and operation of their public housing communities will increase management's incentives to improve efficiency. Perestroika will force public housing authorities to be accountable to the people who live in public housing.

Community Development Block Grants (CDBG). The Committee recommends \$4.1 billion for Community Development Block Grants, an increase of nearly 21 percent from the FY 1992 enacted level. While CDBG is considered an important tool for communities in economic development activities, States and communities have not spent nearly \$6 billion of previous appropriations for CDBG. Given this backlog, the

Administration believes that it would be very unlikely that the dramatic increase in funding recommended by the Committee would assist in the current economic recovery.

- Public and Indian Housing New Construction. The bill would provide \$507 million for Public and Indian housing new construction. This program is one of the Federal government's least cost-effective housing programs. With the same amount of dollars used for direct rental assistance (vouchers and certificates), the Federal government would help twice as many low-income persons find decent housing. Moreover, vouchers and certificates allow individuals freedom in deciding where to live. In the Administration's view, the existence of over 104,000 vacant public housing units makes the Committee's funding level for the construction of new public housing units even more difficult to justify as an appropriate use of scarce resources.

The President's budget funds Indian housing units through a set-aside of \$125 million in the HOME program. Funding Indian housing through the HOME program would provide greater flexibility to Indian tribes to develop housing programs that they believe are most effective.

Subsidized Housing -- Annual Contributions. The Committee proposes \$600 million to fund incentive payments to prevent the prepayment of eligible assisted housing mortgages and to fund vouchers for tenants who would otherwise lose their assisted housing due to such prepayments. The Committee has provided only one-half of the President's request. Moreover, the Committee has failed to adopt the President's recommendation to reduce the level of incentives to 100 percent of the fair market rent. Without this reduction in incentives, the program would achieve only a fraction of the estimated \$283 million in recaptures from Section 236. Since the \$600 million in funding is contingent on the full \$283 million in recaptures, the probable net effect would be to reduce the program level to below \$400 million. This would be less than one-third of what the President has requested.

Chief Financial Officers Act. The Senate is strongly urged to provide funds to implement the Chief Financial Officers Act (CFOs Act). The bill would eliminate \$1 million for CFOs Act implementation. This reduction could affect seriously the ability of the Chief Financial Officer to conduct legislatively-mandated responsibilities for financial management at the Department. Work on high risk areas such as those

listed in the President's Budget for HUD, including improvements to accounting systems, could be curtailed and essential oversight of the high risk areas could be reduced significantly.

Public Housing Modernization. The Committee recommends over \$1.2 billion in excess of the President's request for Public Housing Modernization. Funding this program at this level would only exacerbate a backlog of over \$6.8 billion in available but unspent modernization funds. The Senate is urged to lower funding to the requested level.

Public Housing Operating Subsidies. The Administration objects to the Committee's funding level of \$2.45 billion for public housing operating subsidies, a \$168 million increase over the President's request. The President's request of \$2.28 billion would more than adequately cover public housing operating needs in FY 1993.

Subsidized Housing -- Section 8 Amendments. The bill would fund Section 8 certificate amendments at \$1.3 billion, a reduction of \$618.8 million from the request. The reduction is based primarily upon a finding in the April 21st Report of the Inspector General that HUD may have overstated funding needs for Section 8 certificate amendments by \$312.5 million. The Inspector General's finding is a lower bound on the amount of funding for certificate amendments. The finding specifically cautions that no funding is provided for amendments that cannot be accurately estimated through the accounting system.

Because of HUD's systems problems, which continue to make accurate estimates difficult to achieve, and to avoid a subsequent supplemental, language providing flexibility to move funds among HUD's housing programs should be added to the bill.

Subsidized Housing -- Leasing for Housing for the Elderly. The Committee does not implement the Administration's proposal to complement new housing construction with the added flexibility of permitting non-profit organizations to lease existing housing units for the elderly. Leasing is not only less expensive than new construction, but also provides more choice in housing and provides for housing more quickly where housing stock is available. The Senate is urged to adopt the Administration's proposal as an alternative to higher-cost approaches to meeting the unique housing needs of the elderly and disabled.

General and Special Risk Insurance Fund (GI/SRI). The bill would enact section 312 of S. 3031, which authorizes a new multi-family finance demonstration. The Administration opposes this demonstration as it would create a program that costs twice as much in credit subsidy than existing rental housing finance programs at HUD. The bill earmarks within the GI/SRI program account \$79 million for credit subsidy costs and \$21 million for administrative costs of this demonstration. Rather than expanding multi-family lending, this demonstration would reduce multi-family lending because of the higher subsidy cost.

Restore. The bill does not fund the Administration's program for Restore grants and loans. This program is a comprehensive approach to solving the problems of troubled, HUD-assisted and insured multi-family housing projects. Restore would base all assistance on an assessment of the total physical and financial needs of each project. Restore would also encourage greater tenant participation by giving tenants a financial stake in their projects. Further, it would encourage greater tenant choice by replacing long-term, project-based rental assistance with project stabilization vouchers portable after two years.

Flexible Subsidy Fund. The bill would deny the Administration's request to transfer \$87.6 million in offsetting collections to the general fund of the Treasury and \$24 million in unobligated balances to the Annual Contributions account. Since it is a direct loan program, the Flexible Subsidy Fund should be set up consistent with the requirements for such programs under the Credit Reform Act. The Administration urges the Senate to adopt its requested appropriations language.

Congregate Services. The Committee mark would provide \$27 million for the Congregate Services program, which provides support services directly to the elderly and disabled. An evaluation of this program has shown it to be less effective than alternative programs, specifically, the HOPE Elderly Independence initiative and Service Coordinators for the elderly and disabled. The Administration urges the Senate to delete funding for Congregate Services in favor of funding for more effective programs.

Lead-Based Paint. The Administration objects to the Committee's funding level of \$127 million for abatement of lead-based paint. The Committee's mark fails to consider the fact that very few States have the capacity to certify contractors and train workers to perform this level of work safely. The Administration

believes that its request for abatement is the correct scale for safely performing abatement work without exposing children to additional risks.

Weed and Seed Funding. The Administration strongly objects to the deletion of \$90 million in funding through the Department of Housing and Urban Development for the Weed and Seed program. Weed and Seed is a comprehensive, community-based strategy designed to fight violent crime and drug abuse and provide the resources for neighborhood revitalization. As part of a government-wide \$500 million expansion of this anti-crime neighborhood revitalization initiative, the Administration has requested \$20 million for public housing modernization, \$20 million for housing vouchers, \$44 million through Community Development Block Grants, and \$6 million in Public Housing Drug Elimination Grants.

The Committee's action to deny "seed" funds for these critical housing components of the program would adversely affect the 20 projects in operation around the country and would, in effect, prohibit the addition of new Weed and Seed sites in FY 1993. The Administration urges the Senate to restore funding for these critical "seed" programs.

Fair Housing. The Administration objects to the Committee's funding level for fair housing initiatives activities. The Committee's mark would more than double the Administration's request for initiatives activities at a time when fewer substantially equivalent agencies will remain eligible to receive such funding.

Department of Veterans Affairs (VA):

Construction. The Administration supports the Committee's action to delete three unrequested projects that were added by the House. These three projects would cost \$199.5 million in FY 1993. The Administration objects, however, to the Committee's deletion of \$108.8 million for the Dallas, Texas hospital and the addition of \$8 million for the Honolulu, Hawaii project. The Dallas project was included in the President's request. The increase for the Honolulu project is not needed because preliminary planning is not expected to be completed in FY 1993.

The Administration objects to the Committee's \$29.3 million reduction to the request for VA's minor construction program. This reduction would hamper VA's efforts to maintain and upgrade its aging medical facilities because it would delay vital patient

environment and life safety projects by at least one year.

The Administration objects to the Committee's \$40 million addition to the request for VA's grant program for constructing State extended care facilities. The Administration is committed to providing cost-effective nursing home care to eligible veterans in community, State, and VA-owned facilities. The Department's request for this grant program supports this goal by fully funding the expected number of State applications in FY 1993. The additional funds are unwarranted and should be deleted from this bill.

Medical Care. The Administration objects to the significant increase in staff for Medical Care as proposed by the Committee. Redirecting over \$63 million to increased staffing levels would generate roughly 1,250 FTE over the budget request. The request already includes an FTE increase over FY 1992 of 2,053 for opening new facilities, meeting new residency standards, and other activities. In the Administration's view, if the Committee wants to improve the veterans' Medical Care system with this \$63 million, it should allow the VA to spend these funds as VA deems necessary. For example, such funds could be used to decrease the equipment backlog.

National Aeronautics and Space Administration (NASA):

National Aerospace Plane. The Administration strongly objects to the deletion of the President's request (\$80 million) for NASA's portion of the joint NASA/DOD National Aerospace Plane program. This program represents the cutting edge of research and technology in materials, propulsion, and computing applications. Further, it bolsters America's preeminence in the aerospace industry during a time of severe industry cutbacks.

To date, over \$2 billion has been invested by government and industry in the unique skills and facilities required for hypersonic research. A reduction of the magnitude recommended by the Committee would severely delay the completion of the technology development phase and eliminate NASA's contribution to a program that has civilian as well as military applications.

New Launch System. The bill would provide only \$10 million of the \$125 million requested for the development of a New Launch System (NLS). This joint NASA/Department of Defense (DOD) program is intended to reduce the operating cost of launch vehicles and to

improve their reliability, responsiveness, and mission performance. Additional funding is required for NASA to continue its important role in this joint effort. NLS will support the launch needs of DOD and NASA. Therefore, development funding should be shared by both agencies.

Space Exploration. The bill deletes all \$31 million requested in the President's budget for activities related to future exploration of the Moon and Mars. The Administration objects to the deletion of all of the funding requested to initiate two small, low-cost, unmanned exploration missions to the Moon. These missions, planned for launch in three to four years, will map the Moon's surface features, surface composition, and gravity field. The data and experience that will be provided by these missions is needed to support decisions on future exploration missions to the Moon and Mars.

High Speed Research. The Administration objects to the Committee's earmarking of \$50 million for a High Speed Commercial Transport. NASA's current aeronautics program in high speed research is addressing barrier environmental issues that will provide the basis for evaluating technology for such an aircraft. It would be premature to accelerate the program until the ongoing research has determined that the environmental issues are adequately understood. The Administration believes that an orderly progression of the program will avoid a repeat of the dismal failure to develop supersonic transport in the 1970s.

National Science Foundation (NSF):

Research and Related Activities. The Committee recommends \$1.9 billion for this account, a \$353 million decrease below the President's request and a \$20 million decrease below the FY 1992 level. This recommendation would effectively terminate the President's initiative to double NSF's budget by FY 1994 and would significantly impact NSF's contribution to the President's interagency research initiatives (e.g., global change, materials, biotechnology, and high performance computing). Report language directs NSF to revise its strategic plan, current operating plan, and future budget requests away from the current emphasis on basic research and more toward applied research.

Investments in basic research and education activities are central to the goal of creating new knowledge that can help keep our nation competitive. The Committee appears intent on changing the fundamental mission of

NSF and diminishing the central role of the Federal government in supporting basic research. Report language also includes an unprecedented number of funding earmarks. In addition, the bill would eliminate NSF's transfer language. The Senate is strongly urged to restore funds for NSF's basic research support and to reject the objectionable language of the Committee report noted above.

Education and Human Resources. The Committee adds \$31 million in earmarks to the President's request for activities that would have little beneficial effect in improving math and science education in America.

Salaries and Expenses. The Committee recommends \$111 million for this activity, a decrease of \$24 million below the President's FY 1993 request. Although not specifically mentioned in either bill or report language, this decrease would terminate NSF's relocation to the Ballston, Virginia site that has been competitively selected by GSA. NSF's current lease expires in 1995. The Senate is strongly urged to restore these funds.

U.S. Antarctic Program (USAP) Research Activities and Logistical Support Activities. The Committee reduces the Research activities account by \$20 million below the request and has eliminated the Logistics account. Report language states that DOD should continue to play an important role in supporting these programs. DOD has publicly stated in writing that it has no mission in the Antarctic and that the NSF should seek private services for its logistical needs. The Senate is urged to restore funding for the USAP.

Academic Research Facilities and Instrumentation. The Committee recommends a \$17 million increase above the President's request. Report language directs that \$38 million be spent on modernizing academic research facilities. The President's request includes only funds for important scientific instrumentation. The President has not requested facilities funds because universities have been receiving modernization funds for decades through recovery of allocated overhead.

Federal Emergency Management Agency (FEMA):

Administrative Provisions. The Administration strongly objects to denying funds to support the Office of the Deputy Director. This provision is offensive and an inappropriate intrusion by Congress on Executive Branch functions.

The Administration also objects to bill language that would have the effect of micromanaging the agency. The bill would limit FEMA to 27 non-career positions, cap selected headquarters staff by office, and consolidate FEMA's largest directorates without a long-term vision or strategic plan. A reasoned, coordinated plan, implemented with assistance from constituent groups and experts, would result in more efficient organization streamlining than the restructuring proposed by the Committee.

FEMA Chief Financial Officers Act Implementation. The Committee reduces the President's request for financial management activities at FEMA by \$1 million. This reduction would seriously affect the performance of the Chief Financial Officer to implement provisions of the CFO Act. Financial system weaknesses at FEMA are included on the OMB high risk list and the requested funding is critical to FEMA's ability to correct financial system deficiencies.

Civil Defense. The Administration objects to the Committee's funding of Civil Defense activities at a level 20 percent higher than the Administration's request. For example, the Committee would increase funding for Emergency Management Assistance grants by \$7 million, and for the repair of underground storage tanks at Emergency Broadcast System (EBS) stations and State and local Emergency Operating Centers (EOCs) by \$8 million.

Special Projects. The Administration objects to the \$3 million in funding provided by the Committee for several special projects not supported by the Administration and not subject to the normal administrative review process.

Hazardous Materials Training Grants. The bill would provide \$3 million for Hazardous Materials Training Grants, which are authorized in the Superfund Amendments Reauthorization Act (SARA) but not requested in the President's budget. The Administration expects that funding for this program would be made available in FY 1993 by the Department of Transportation through programs authorized in the Hazardous Materials Transportation Uniform Safety Act.

Other Agencies:

Points of Light Foundation. The Administration urges the Senate to finance the Points of Light Foundation at the President's requested level of \$10 million. The Points of Light Foundation should be funded at the requested level to enable it to achieve its goal of

making direct and consequential service aimed at serious social problems central to the life and work of every American.

Chemical Safety and Hazard Investigation Board. The Administration opposes the elimination of funding for the Chemical Safety and Hazard Investigation Board. This funding is needed for the Board to carry out its statutory mandates under the Clean Air Act to investigate accidental releases of hazardous substances into the environment.

Commission on National and Community Service. The Administration urges the Senate to finance the Commission at the President's requested level. The \$75 million request would continue the Commission's operations at the FY 1992 level and allow multi-year projects to be extended. Given the difficult budget situation and other higher priorities in this appropriation, additional funding for this agency is not warranted.

B. Language Provisions

Department of Housing and Urban Development:

Assistance for the Renewal of Expiring Section 8 Subsidy Contracts. The Senate is urged to provide the full amount of requested transfer authority (\$363 million). This would provide a needed contingency in case the initial budget estimates prove to be too low. HUD has worked to improve the budget estimates for these contract renewals. However, they still rest on a survey of voluminous paper records in HUD's field offices that have been subject to error in the past. To assure adequate funding, some flexibility through transfer authority is necessary in order to assure that all expiring contracts are renewed.

Limitation on Amendment Funding for New HUD Rental Assistance Contracts. The Senate is urged to restore requested language that would end the practice of budgeting an initial amount for rental assistance contracts and then seeking additional appropriations to cover "shortfalls" in such funding. Such amendment shortfalls recently reached over \$2 billion annually, which is a substantial portion of HUD's total appropriation. The requested language would prohibit such amendments on new contracts funded in FY 1993 but would not affect existing contracts. The use of shorter-term, five-year contracts and central reserve accounts should permit implementation of this

prohibition without adversely affecting program recipients or contract administrators.

Section 8 Fees for Rental Assistance. The Administration opposes language recommended by the Committee that would raise administrative fees paid to local housing authorities from the proposed 7.25 percent to 8.2 percent. Research by the General Accounting Office and HUD has determined that a fee in the range of 7.2 percent is sufficient to cover the costs of local housing authorities.

Environmental Protection Agency:

Personnel Ceilings. The Administration opposes inclusion of specific staff levels for various EPA headquarter offices. Congressional micromangement of this nature eliminates the necessary flexibility to allocate staff resources to the most pressing needs. The Senate is urged to delete these provisions.

Pollution Prevention Act Implementation. The Administration strongly opposes the provision related to implementation of the Pollution Prevention Act through EPA's Toxic Chemical Release Inventory Form R, as revised on May 19, 1992. This provision represents an unnecessary and inappropriate abridgement of the requirements of the Paperwork Reduction Act of 1980. That Act makes adequate provision for the extension of Agency paperwork forms; there is no justification for an indefinite extension of this specific paperwork. The Paperwork Reduction Act also provides for public consultation and a formal public record for comments from interested parties.

Department of Veterans Affairs (VA):

Construction. The Administration objects to the Committee action adding bill language to waive for one year the current State matching requirement (35 percent of construction costs) in VA's grant program for constructing State extended care facilities. The Administration does not believe that initial construction costs are limiting State participation in VA's grant program. The long-term costs associated with operating State homes are a more important factor in States' decision-making.

Medical Care. The Administration commends the Committee's deletion of House language earmarking \$9.4 billion for personnel services within VA Medical Care. This provision would infringe upon VA's executive management of the veterans' health care system and

preclude the Department from utilizing medical resources in the most effective and efficient manner.

Language retained by the Committee that makes equipment, land, and structures funds available for two fiscal years is not necessary. VA medical centers have adequate time to plan and obligate funds for these activities. The restriction on obligation of certain funds until the fourth quarter of the fiscal year would simply delay the obligation of funds. It would not preclude VA medical centers from taking all steps necessary before August 1st each year to ensure that obligations can be made before the end of the fiscal year. The language should be deleted.

Consumer Product Safety Commission (CPSC):

User Fees. Private industry currently receives CPSC advice, expertise, and safety "certification" free-of-charge. The President's budget proposes to recover the costs of these services through user fees. This proposal is consistent with the CPSC reauthorization bill currently pending in the House, which allows CPSC to keep any user fees it charges. In failing to adopt the proposed user fee language, the Committee has missed an opportunity to improve the operation and equity of Federal services. The Senate is urged to adopt the proposed language.

Various Agencies:

Commission on National and Community Service. The Administration strongly objects to language allowing the Executive Director of the Commission to appoint 17 staff members without regard to the provisions of title 5, U.S.C. governing appointments to the civil service. There is sufficient flexibility under title 5 to meet pay and appointment needs of the Commission. There is no unusual circumstance that warrants this uncalled for blanket exemption from civil service safeguards for the Commission.

Unenacted Legislation and Chadha Provision. Several provisions of the bill appear to incorporate by reference provisions and reports not yet in existence. Such references must be in existence before enactment of H.R. 5679 for them to be incorporated effectively as law. In addition, several provisions of the bill purport to require Committee approval before agency action may occur. These provisions constitute committee-veto devices of the kind struck down by the Supreme Court as unconstitutional in INS v. Chadha, 462 U.S. 919 (1983).

Review of United States Fire Administration Funds. The Senate report would require that certain funds "be administered solely by senior level [United States Fire Administration] officials, not subject to other oversight or review." This provision will be interpreted consistent with the President's constitutional authority to supervise and guide subordinate officials of the Executive Branch and to delegate that authority to other subordinates.

Quota Directives. The bill directs the EPA, NASA, and the RTC to "ensure that at least 8 per centum of Federal funding for prime and subcontracts awarded in support of authorized programs ... be made available to business concerns or other organizations owned or controlled by socially and economically disadvantaged individuals." Such individuals "shall be deemed to include women."

The Committee report indicates that these provisions are intended to set aside government contracts for minority- and women-owned businesses. In the report, FEMA is directed "to take all necessary steps to increase the numbers of females and racial minorities in senior positions."

A Congressional grant of Federal money or benefits solely on the basis of the recipient's race or gender is presumptively unconstitutional under the equal protection provisions of the Constitution. The Supreme Court has held that race or gender preferences violate the Constitution unless they are substantially related to the accomplishment of important goals. See Metro Broadcasting, Inc. v. FCC, 110 S. Ct. 2997 (1990) (holding that Congressionally enacted racial preferences must serve important governmental goals and be substantially related to achieving those goals); Mississippi University for Women v. Hogan, 458 U.S. 718 (1982) (prescribing similar standards for gender preferences). The provisions in the bill would withstand constitutional scrutiny only if there were sufficient evidence to meet this standard.

PRELIMINARY OMB SCORING
VA, HUD AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, FY 1993
(in millions of dollars)

09/03/92
03:20 PM
BCB:CSN
VASC-MCT.WK3

Major Programs	FY 1993 Budget		House Floor		Senate Committee		House Difference from Request		Senate Difference from Request	
	BA	OL	BA	OL	BA	OL	BA	OL	BA	OL
Domestic Discretionary:										
Department of Housing and Urban Development:										
Subsidized Housing Programs.....	15,198	17,165	17,221	17,211	15,199	17,069	2,023	46	1	-96
HOPE Grants.....	1,010	118	361	94	440	97	-649	-23	-570	-21
Other HOPE Grants (Unrequested).....	---	---	---	---	575	21	---	---	575	21
Community Development Grants.....	2,900	3,339	4,000	3,383	4,100	3,387	1,100	44	1,200	48
Home Block Grant.....	700	269	600	267	1,200	279	-100	-2	500	10
Veterans Affairs:										
Veterans Health Admin., Bureau total.....	14,865	14,581	14,926	14,602	14,960	14,633	61	22	95	52
Construction, VA, Bureau total.....	652	692	780	693	491	681	128	1	-161	-11
Environmental Protection Agency.....	7,008	6,360	6,635	6,312	6,966	6,264	-373	-49	-42	-96
National Aeronautics & Space Administration.....	14,993	14,085	13,771	13,321	14,153	13,628	-1,222	-764	-840	-457
(Space Station).....	(2,250)	(2,075)	(1,725)	(1,811)	(2,100)	(2,005)	(-525)	(-264)	(-150)	(-70)
FEMA:										
Disaster Relief.....	292	735	292	735	292	735	---	---	---	---
National Science Foundation.....	3,027	2,716	2,660	2,648	2,678	2,533	-367	-168	-349	-182
One Percent Across-the-Board Reduction.....	---	---	-501	-148	---	---	-501	-148	---	---
Other.....	5,102	5,833	5,013	6,024	4,508	5,331	-89	192	-595	-502
Total domestic discretionary.....	65,748	65,891	65,759	65,042	65,561	64,657	12	-849	-186	-1,234
Defense discretionary.....	322	329	368	347	310	320	46	18	-12	-9
Total.....	66,070	66,220	66,128	65,389	65,871	64,977	58	-831	-199	-1,243

Comparison of 602(b) Allocations:	House 602(b)		Senate 602(b)		House Floor Less House 602(b)		Senate Committee Less Senate 602(b)	
	BA	OL	BA	OL	BA	OL	BA	OL
Domestic.....	65,931	64,954	65,500	64,949	-172	88	61	-292
Defense.....	372	353	372	353	-4	-6	-62	-33



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 17, 1992 (SENT)
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5754 - Water Resources Development Act of 1992
(Roe (D) NJ)

The Administration strongly opposes enactment of H.R. 5754, because the bill departs from the water resources policies and principles that the Administration and Congress have adhered to since 1986. Further, the cost and number of projects and programs that would be authorized by the bill far exceed what realistically can be expected to be funded in the foreseeable future. Additionally, the Administration's proposal to recover the cost of operating recreational areas is not included in the bill.

Unless H.R. 5754 is substantially amended to delete its numerous unacceptable provisions, the Secretary of the Army would recommend that the President veto the bill. Among the most objectionable provisions are those which would:

- Violate the cost-sharing principles established by the landmark Water Resources Development Act of 1986.
- Authorize projects and programs that are not the responsibility of the Federal Government or within the traditional missions of the Army Corps of Engineers. There is no justification for undertaking such costly activities, particularly during this period of high budget deficits.
- Authorize billions of dollars for projects or project modifications which have not been subject to the established water resources review process. Such a review is crucial to determine a project's (1) economic justification, (2) environmental and engineering feasibility, and (3) compliance with Administration programs and policies.
- Expand Federal funding for disposal areas for operation and maintenance dredging at navigation projects around the country. Such an expansion would require the Harbor Maintenance Trust Fund to provide more than \$1 billion in additional funds. This would require a significant increase in the port use tax imposed on importers, exporters, and shippers.

-- Needlessly duplicate existing programs of other Federal agencies.

There are more than one hundred specific provisions which are unacceptable for the reasons stated above. In addition, the Administration strongly objects to any amendment that would modify the discount rate and criteria now used to evaluate the benefits and cost of Federal water resources projects. The established rate and evaluation criteria ensure that scarce Federal and non-Federal resources are wisely and appropriately invested.

The bill also contains in excess of 50 other provisions which the Administration finds troublesome. For example, the Administration strongly opposes the bill's requirement that Senior Executive Service (SES) employees of the Corps of Engineers be given special locality pay adjustments. Currently, no SES employee receives such adjustments. This provision is inconsistent with the President's authority, under the Federal Employees Pay Comparability Act, to decide which categories of employees should receive these adjustments.

The Administration urges the House to adopt the Administration's proposal, transmitted by the Department of the Army-Civil Works on March 11, 1992, and introduced as S. 2500, rather than enact H.R. 5754.

Pay-As-You-Go Scoring

H.R. 5754 would increase Federal receipts and is, therefore, subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1991 (OBRA). OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5754 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates For Pay-As-You-Go (\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	5	0	0	0	0	5

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 8/11/92)
August 10, 1992
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5754 - Water Resources Development Act of 1992
(Roe (D) NJ)

The Administration strongly opposes enactment of H.R. 5754, because the bill departs from the water resources policies and principles that the Administration and Congress have adhered to since 1986. Further, the cost and number of projects and programs that would be authorized by the bill far exceed what realistically can be expected to be funded in the foreseeable future. Additionally, the Administration's proposal to recover the cost of operating recreational areas is not included in the bill.

Unless H.R. 5754 is substantially amended to delete its numerous unacceptable provisions, the Secretary of the Army would recommend that the President veto the bill. Among the most objectionable provisions are those which would:

- Violate the cost-sharing principles established by the landmark Water Resources Development Act of 1986.
- Authorize projects and programs that are not the responsibility of the Federal Government or within the traditional missions of the Army Corps of Engineers. There is no justification for undertaking such costly activities, particularly during this period of high budget deficits.
- Authorize billions of dollars for projects or project modifications which have not been subject to the established water resources review process. Such a review is crucial to determine a project's (1) economic justification, (2) environmental and engineering feasibility, and (3) compliance with Administration programs and policies.
- Expand Federal funding for disposal areas for operation and maintenance dredging at navigation projects around the country. Such an expansion would require the Harbor Maintenance Trust Fund to provide more than \$1 billion in additional funds. This would require a significant increase in the port use tax imposed on importers, exporters, and shippers.

-- Needlessly duplicate existing programs of other Federal agencies.

There are more than one hundred specific provisions which are unacceptable for the reasons stated above.

The bill also contains in excess of 50 other provisions which the Administration finds troublesome. For example, the Administration strongly opposes the bill's requirement that Senior Executive Service (SES) employees of the Corps of Engineers be given special locality pay adjustments. Currently, no SES employee receives such adjustments. This provision is inconsistent with the President's authority, under the Federal Employees Pay Comparability Act, to decide which categories of employees should receive these adjustments.

The Administration urges the House to adopt the Administration's proposal, transmitted by the Department of the Army-Civil Works on March 11, 1992, and introduced as S. 2500, rather than enact H.R. 5754.

Pay-As-You-Go Scoring

H.R. 5754 would increase Federal receipts and is, therefore, subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1991 (OBRA). OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If H.R. 5754 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates For Pay-As-You-Go (\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	5	0	0	0	0	5

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 21, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2 - Neighborhood Schools Improvement Act
(Kennedy (D) MA and 30 others)

The Administration strongly opposes S. 2, the Neighborhood Schools Improvement Act, in the form in which it reportedly will be brought to the floor. If the bill were presented to the President in its current form, his senior advisers would recommend a veto.

Based on available information, S. 2 is objectionable because it:

- Does not promote fundamental reforms in the Nation's educational system. In contrast to S. 2, the bill proposed by the President, S. 1141, the AMERICA 2000 Excellence in Education Act, would challenge the States and schools to transform education to meet the needs of our citizens. For educational reform to become a reality, funding must be focused on specific reform-oriented activities, such as those proposed in the President's AMERICA 2000 Education Strategy. Instead, S. 2 authorizes activities so broadly defined that virtually anything education-related could be funded, whether or not it improves achievement. S.2 represents business as usual.
- Does nothing to ensure that educational choice programs will actually be implemented anywhere and does not allow for choice programs involving private schools to be funded or even tested. The AMERICA 2000 proposal would help give low and middle-income families more of the same educational choices that wealthier families now have. Low-income families should have access to all schools, public or private. The Administration has asked Congress to appropriate \$230 million to help States and communities advance these choice plans. S. 2 ignores the choice provisions in the President's bill.
- Fails to authorize funding for the implementation of the new generation of "break the mold schools". The New American Schools grants that would be authorized by S. 1141 would reflect the best of what is known about teaching, learning and educational technology. These grants would help all students to meet world class standards of achievement. States and localities are moving to create such schools, and

Federal assistance will help to develop these desperately needed reforms.

- Fails to assign an appropriate role to each State's Governor in important areas such as developing the State's application for assistance and determining how the State's grant will be used. The Governors are leading education reform across the country. S. 2 would limit their role, effectively preserving current decision-making processes and reducing opportunities for reform.
- Establishes a duplicative and unnecessary National Council on Education Goals. The current National Goals Panel, composed of Governors, Administration officials, and Members of Congress, has been working on a bipartisan basis for over a year to measure America's progress toward the six National Education Goals that were adopted two years ago. The Panel issued its first Report Card in September 1991. Another reporting panel, as proposed by S.2, is not only unnecessary, but will create confusing and potentially contradictory signals just at a time when the States are beginning to move in a coordinated way toward the six Education Goals.
- Includes policy statements calling for excessive and unrealistic spending in existing Federal programs.

Administration Supported Amendments

The Administration understands that the following four amendments may be offered to S. 2. Based on preliminary drafts, the Administration strongly supports all four. They would:

- o Authorize a \$30 million Low-Income School Choice Demonstration Program. Through a carefully designed and evaluated set of demonstration projects, this program would address the issues relating to full-cost public and private school choice for low-income families and its effects on the public school system.
- o Authorize grants to communities for their New American Schools.
- o Permit more flexibility to States and localities in current education programs, in return for increased accountability for improved educational achievement.

- o Strike S. 2's duplicative and unproductive National Council and replace it with the revised bipartisan panel now taking shape, led by the Nation's Governors.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 27, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 12 - Cable Television Consumer Protection Act of 1991 (Danforth (R) Missouri and 9 others)

The Administration strongly opposes S. 12 because it would impose unnecessary regulation on the cable television industry. If S. 12, as reported by the Senate Committee on Commerce, Science, and Transportation, were presented to the President, his senior advisers would recommend a veto.

The Administration opposes S. 12 because it does not sufficiently emphasize competitive principles in addressing perceived problems in the cable television industry. It has been the Administration's consistent position that competition, rather than regulation, creates the most substantial benefits for consumers and the greatest opportunities for American industry. Television viewers are best served by removing barriers to entry by new firms into the video services marketplace. The Administration, therefore, would support legislation which removes the current statutory prohibitions against telephone company provision of video programming, with appropriate safeguards.

S. 12 would greatly expand regulation of cable rates. It would require regulation of cable systems by either the Federal Communications Commission (FCC) or the local government. The number of cable systems and variety of cable programs have grown dramatically in the absence of rate regulation. Reimposing rate regulation would both hamper the development of new products and services for cable subscribers and slow the expansion of cable service to areas not now served. If it finds that additional rate regulation is needed, the FCC can provide such regulation under current law. The FCC issued new rules in June, which are expected to increase substantially regulation of basic cable rates. The Administration believes that the rules should be implemented and reviewed before new and inflexible legislation is considered.

S. 12 would restrict the discretion of cable programmers in distributing their product. Exclusive distribution arrangements are common in the entertainment industry and encourage the risk-taking needed to develop new programming. Requiring programming networks that are commonly owned with cable systems to make their product available to competing distributors could undermine the incentives of cable operators to invest in developing new

programming. This would be to the long-term detriment of the American public. If competitive problems emerge in this area, they can and should be addressed under the existing antitrust laws.

S. 12 would also require limits on the number of subscribers that a cable operator may serve nationwide. This provision is objectionable because current antitrust laws are adequate to protect competition. Moreover, the FCC currently has authority to adopt ownership rules if it determines they are necessary.

Finally, S. 12 would require cable operators to carry the signals of certain television stations, regardless of whether the cable operator believes the stations are appropriate for inclusion in its package of services, and regardless of whether such inclusion reflects the desires and tastes of cable subscribers. The Administration believes that such "must carry" requirements would raise serious First Amendment questions by infringing upon the editorial discretion exercised by cable operators in their selection of programming. S. 12 was amended in committee to give television stations the option to choose "must carry" or to require that a cable operator obtain the station's consent to retransmit its signal. This amendment, however, does not address the serious First Amendment concerns noted here. While the Administration supports retransmission consent (without must carry), this should be coupled with repeal of the cable compulsory license.

The Administration supports Senate passage of the Packwood-Stevens-Kerry amendment as an alternative to the reported version of S. 12, because it would eliminate or significantly modify many of the highly regulatory provisions of S. 12. Moreover, it would also remove one impediment to competition in the cable industry - the exclusive local franchise. At the same time, the Administration wishes to work with the Congress to modify or eliminate some troublesome provisions that remain in the underlying bill. Such provisions include, for example, the lack of generalized telephone company entry provisions, reimposition of "must carry" rules, the mandatory nature of rate regulation, the very narrow definition of "effective competition," and the administrative burden on the FCC.

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June 5, 1992 (SENT 6/9/92)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 55 - Workplace Fairness Act
"Striker Replacement Legislation"
(Metzenbaum (D) OH and 36 others)

The Administration strongly opposes S. 55. If it were presented to the President, his senior advisers would recommend a veto.

S. 55 would prohibit employers from offering permanent jobs to replacement workers during labor disputes over economic demands, thus reversing over fifty years of experience in labor law. Evidence indicates that our Nation's labor laws and policies have been effective in reducing labor strife and encouraging voluntary dispute settlement. S. 55 would destroy a prime component of the economic balance between labor and management in collective bargaining. By upsetting this balance, S. 55 would remove an important incentive for both parties to negotiate and compromise. It would promote labor unrest and expose our economy to the disruption of commerce and to the deleterious effects of anti-competitive collective bargaining agreements. In addition, it would create a hardship for small and struggling businesses and would result in fewer new job opportunities.

The provision in S. 55 that purports to remove non-union employees from coverage of the bill does not change the major thrust of the legislation. Thus, it does not diminish the Administration's policy objections to the bill. It would establish an unacceptable double standard for union and non-union workers. Moreover, it would not diminish the adverse economic impact of S. 55 on non-union suppliers and American consumers. Further, this provision is intended to prohibit non-union employers in some circumstances from using permanent replacement employees in the face of recognitional picketing by union supporters. Employers needing workers with hard-to-find skills and small or marginal firms would likely be forced to surrender their legal right to test the majority support of the union through a secret ballot election. In short, the choice would be between voluntarily recognizing the union or permanently closing their doors.

The Administration also opposes amendments that propose any type of moratorium that bars employers from offering permanent employment to replacement workers during a labor dispute over economic demands. This approach would represent equally ill-advised economic policy for this Nation. Like a total ban, a moratorium would upset the current economic balance in the

collective bargaining system and exacerbate labor unrest. Ironically, a moratorium provision might in fact prolong labor disputes. A moratorium would almost guarantee that, unless an employer surrenders to a union's economic demands, the strike would continue at least the length of the moratorium.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 10, 1992 (SENT)
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 250 - National Voter Registration Act of 1991 (Ford (D) Kentucky and 35 others)

The Administration endorses the goal of increasing participation in the electoral process, and supports legislation to achieve this result. However, S. 250 contains serious flaws, and attempts to improve it in the Senate were defeated. Therefore, if S. 250 were presented to the President in its current form, his senior advisors would recommend a veto.

S. 250 would rewrite the election laws of virtually all States (except for States with no voter registration requirement at all or States with election day registration). It would require the States to employ three methods of registering voters for Federal elections, and specify in considerable detail what the States would have to do to implement each one. No funds are authorized to fund this expensive new Federal mandate on the States.

The Administration opposes S. 250 in its current form because: (1) no sufficient justification has been demonstrated for imposing extensive procedural requirements and significant related costs on the States; (2) the bill would increase substantially the risk of voter fraud without enacting any effective criminal prohibitions that go beyond the limits of existing law; and (3) the Voting Rights Act of 1965 already provides sufficient tools to challenge registration procedures that are discriminatory.

States have used a variety of procedures to guard against fraud and maintain the integrity of the electoral process. This flexibility has allowed the States to tailor procedures to local conditions that may make some practices more effective than others or may call for special measures to avoid fraud or for avoiding certain practices entirely. This bill would prevent States from implementing procedures that are responsive to local conditions.

S. 250 would increase the potential for corruption and vote fraud. The bill limits the State's ability to confirm independently the information contained in voter registration applications and severely restrict the States' ability to remove ineligible voters from the rolls. This problem would be compounded by the inadequate penalties in current Federal

criminal law for electoral crimes and other forms of public corruption.

The Administration supports amendments to promote increased voter participation in elections by giving States an incentive to implement voluntarily nondiscriminatory registration procedures through a system of Federal block grants with a matching fund requirement for States. The Administration also supports efforts to clamp down on public corruption through stiffer fines and expanding the scope of Federal jurisdiction to prosecute election crimes.

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June 15, 1992
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 250 - National Voter Registration Act of 1991 (Ford (D) Kentucky and 35 others)

The Administration endorses the goal of increasing participation in the electoral process, and supports the Michel amendment to S. 250, which is designed to achieve this result. However, S. 250 contains serious flaws, and attempts to improve it in the Senate were defeated. Therefore, if S. 250 were presented to the President in its current form, his senior advisors would recommend a veto.

S. 250 would rewrite the election laws of virtually all States (except for States with no voter registration requirement at all or States with election day registration). It would require the States to employ three methods of registering voters for Federal elections, and specify in considerable detail what the States would have to do to implement each one. No funds are authorized to fund this expensive new Federal mandate on the States.

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criminal law for electoral crimes and other forms of public corruption.

The Administration supports the Michel amendment, which would give States an incentive to implement voluntarily nondiscriminatory registration procedures through a system of Federal block grants with a matching fund requirement for States. The Michel amendment would also clamp down on public corruption through stiffer fines and by expanding the scope of Federal jurisdiction to prosecute election crimes.

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(SENT 9/22/92)
September 21, 1992
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 362 - Mowa Band of Choctaw Indians Recognition Act (Shelby (D) Alabama and Heflin (D) Alabama)

If S. 362 is presented to the President, the Secretary of the Interior will recommend a veto because the bill would statutorily acknowledge the Mowa Band of Choctaw Indians in Alabama.

In 1978, the Department of the Interior established an acknowledgment process to ensure that all petitions for recognition as a federally recognized tribe would be evaluated in an objective and uniform manner. The process, developed with the support of the Indian tribes and Congress, provides each petitioning group the opportunity for an unbiased, detailed review of its petition.

S. 362, however, would circumvent this process. To do so may erroneously acknowledge a group as an Indian tribe, thereby entitling the group to numerous Federal programs and benefits afforded federally recognized tribes. Recognition through legislation would be unfair to all other groups seeking Federal acknowledgment and would undermine the administrative process that was designed to eliminate the need for ad hoc determinations through legislation.

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February 26, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 479 - National Cooperative Research
Extension Act of 1991
(Leahy (D) Vermont and 12 others)

S. 479 would extend the antitrust treatment now applicable to joint research and development ventures under the National Cooperative Research Act (NCRA) to joint production ventures which are often pro-competitive and efficient. This extension of NCRA treatment would remove unwarranted antitrust uncertainty from such ventures. However, because discriminatory conditions that serve no antitrust purpose have been added to S. 479, the Attorney General, the Secretary of Commerce, the Secretary of the Treasury, the Secretary of State, and the United States Trade Representative would recommend that the bill be vetoed if presented to the President in its current form.

The Administration would not object to enactment of S. 479 if it were amended as proposed by Senator Brown because this amendment effectively eliminates discrimination. However, any amendment which continues to impose requirements with discriminatory effects would not cure the defects in the bill.

As currently drafted, the bill would condition equal treatment under the antitrust laws upon (1) location of principal joint venture production facilities in the United States; and (2) demonstration of a "substantial commitment" to the U.S. economy by each party to the joint venture. These conditions would:

- Change fundamentally the nature of antitrust law by imposing additional sanctions on certain joint ventures for no antitrust reason. Instead, treble damages would be assessed for lack of a U.S. manufacturing presence or sufficient "commitment to the U.S. economy." Such a policy would be unfair and contrary to the way our antitrust laws have historically been applied.
- Undermine the legislation's basic purpose of reducing antitrust uncertainty by inviting extensive litigation over the meaning and application of the conditions.
- Conflict sharply with the joint efforts of the President and the Congress to open up markets to trade and investment without conditions or performance requirements, and could provoke similar differential treatment of U.S. firms abroad.

- Undermine the expected benefits of the legislation by limiting and distorting companies' investment and partnership options. American companies would be deterred from participating in promising ventures in areas where cooperation could be most helpful -- for example, areas in which foreign firms currently may have access to technology unavailable to U.S. firms, yet may not have a sufficient manufacturing presence in or "commitment" to the U.S. economy.

The Brown amendment is an acceptable alternative to the objectionable provisions of S. 479.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

February 20, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1150 - Higher Education Act Amendments (Pell (D) RI and three others)

Although S. 1150 includes many provisions that would improve current law, the Administration strongly opposes S. 1150, as reported. It would convert the Pell Grant program to an entitlement and would provide the greatest increases in aid to the highest income students. If S. 1150 were presented to the President with the Pell Grant entitlement provisions or an amendment establishing a direct loan program, his senior advisers would recommend a veto.

S. 1150 would unnecessarily convert the Pell Grant program to an entitlement, establishing another unrestrained program not requiring annual review.

- S. 1150 would effectively create an entitlement beginning in FY 1995 by requiring borrowing from future appropriations to pay for potential funding shortfalls. It would establish a direct entitlement beginning in FY 1997.
- Converting the Pell Grant program to an entitlement is unnecessary because it is functioning effectively as an annually appropriated program. As demonstrated by the Administration's proposal, Pell Grant funding can be enhanced and qualified students effectively served without converting the program to an entitlement. Structurally, entitlements, which are not subject to a required annual review, are the fastest growing area of Federal spending. Their unrestrained growth has been a major contributor to deficit growth. Entitlements restrict the Government's ability to manage its resources, limit program flexibility, and constrain the Government's ability to respond to changing needs.

The Administration strongly opposes amending S. 1150 to implement a direct loan program. Direct lending would:

- Impose an untried system with unknown costs, unavoidable problems, and increased risks that threaten loan availability to millions of students.
- Increase the Federal debt by \$10-\$20 billion per year.

- Shift all financial risk to the Federal Government, whereas the Administration's proposal would strengthen risk-sharing with banks, States, and guarantee agencies.
- Give responsibility for more Federal funds and for loan administration to hundreds of proprietary schools that have demonstrated that they are not worthy of public trust.
- Be based on the assumption that the Federal Government can administer direct loans better than the private sector. This is contrary to the experience with a prior direct loan program, the Federally-Insured Student Loan Program.

The Administration also strongly objects to the following provisions:

The Administration strongly opposes changing Pell Grant eligibility and determining award sizes in ways that would give excessive aid to the wealthiest students.

- S. 1150 would raise spending for those from families with incomes over \$40,000 by 200 to almost 400 percent. It would raise spending for those with incomes under \$10,000 by only 39 percent.
- The Administration's proposals would raise aid for students from all income groups up to \$50,000, while adjusting all awards in relation to demonstrated need.
- S. 1150 would authorize Pell Grants at unrealistic levels in FYs 1993 and 1994. In FY 1993, the program would cost \$3.2 billion more than the current program and \$2.1 billion more than the Administration's request. The \$8.7 billion cost of S. 1150 is not a viable level, given funding available to the appropriations committees.

The Administration strongly opposes creating "scholarships" without regard to academic achievement.

- S. 1150 would establish Access Scholarships in FY 1995 for Pell Grant recipients, without requiring any measure of academic excellence. The Administration supports scholarships that reward high academic achievement. Such scholarships would provide \$500 Presidential Achievement Scholarships based on class rank or standardized test scores, and completion of required course curriculum.

The Administration has proposed comprehensive legislative reforms to increase assistance available under the Pell Grant program and to improve significantly the integrity and efficiency of higher education student aid programs. These reforms are consistent with the requirements of the Budget Enforcement Act.

- Under the Administration's proposals, the maximum Pell Grant award would be increased 54 percent, from \$2,400 to \$3,700. The average award for students in all income classes would increase, as would the total aid provided to all income classes up to \$50,000. These reforms provide significant new assistance to middle- and low-income families. They reflect the largest single year increase in the program's history -- 22 percent or \$1.6 billion -- and bring its total funding to \$6.6 billion.
- The Administration's proposal also would increase Guaranteed Student Loan (GSL) limits and improve the efficiency and integrity of the system by requiring banks and States to bear their fair share of the risk, ensure efficient loan servicing, and reduce defaults.

Other provisions of S. 1150 that the Administration opposes are discussed in Attachment A. The Administration would support the amendments to S. 1150 that are listed in Attachment B.

Scoring for purposes of Pay-As-You-Go

The GSL provisions of S. 1150 would increase direct spending; therefore, the bill is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA). Although some offsets are provided in the bill, they do not fully meet the increased costs. A budget point of order applies in both the Senate and House against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against S. 1150, the effect of enactment of this legislation would be included in a look-back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If S. 1150 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

ESTIMATES FOR PAY-AS-YOU-GO (outlays in millions)

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Total</u>
Title IV (GSL)	0	17	105	146	268

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 25, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2041 - Petroleum Marketing Competition Enhancement Act (Grassley (R) Iowa)

If S. 2041 is presented to the President, the Secretary of Energy would recommend a veto. The bill would prohibit a petroleum refiner from selling motor fuel to any resale customer at a higher price than the refiner sells the same fuel at retail at one of its direct-operated outlets in the same geographic area. The bill would fix prices at the wholesale level by requiring a minimum markup or margin between wholesale and retail prices. This approach is reminiscent of the discredited, unnecessary, and counter-productive price and allocation system of the 1970s. That system resulted in gasoline lines, gasoline shortages, and massive confusion and inconvenience for consumers, the unintended but inevitable result of counterproductive regulations such as this bill contains.

-- Unwarranted Interference with the Energy Market

S. 2041 would inappropriately involve the Federal Government in what should be private, arms-length contract negotiations between vertically integrated refiners and their independent customers by dictating price terms. This action would seriously interfere with the energy market by limiting the ability of refiners to set prices in response to market forces and would result in price rigidity and higher prices for consumers.

-- Increased Litigation and Higher Prices for Consumers

The bill would encourage and facilitate litigation by establishing "prima facie" violations and removing potential barriers to suits. Refiners may react to the threat of increased litigation by setting higher than necessary price margins in order to minimize divergence from historic prices, and thus limit their potential exposure. The bill would also impose burdensome and costly record keeping requirements on both refiners and wholesalers. Litigation and record keeping costs would be reflected in higher consumer prices at the pump.

-- Counterproductive and Unnecessary Legislation

The bill's rigid pricing formulas may encourage refiners to alter their distribution arrangements by reducing sales to independent wholesalers or retail dealers and increasing sales to company-owned distributors. Such action would adversely affect the dealers that this bill is intended to help. Finally, gasoline marketing data analyzed by the Department of Energy and others indicate that gasoline retailing is competitive in most major markets, and is generally so across the nation. There is simply no evidence that would justify the severe governmental intervention called for by S. 2041.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 16, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2047 - Establishing a Commission to Commemorate
the Bicentennial of the Establishment of the
Democratic Party of the United States
(Sanford (D) NC and 56 others)

If S. 2047 is presented to the President in its current form, his senior advisers would recommend a veto.

The bill would establish a federally-chartered commission to commemorate the history of one political party. Appointments to the commission would be controlled exclusively by members of that same political party.

It is unclear what authority, if any, exists for this legislation under Article I, Section 8 of the Constitution. In addition, a bill that favors a specific political party in the manner contemplated by S. 2047 raises constitutional issues under the First Amendment. Authorizing a Government commission to publicize or celebrate one party could, for example, lead to activities having the effect of placing the Government's imprimatur on that political party and its current activities.

It also is unclear whether the commission is expected to perform executive functions of the Government. If it is, the bill would be constitutionally suspect because the commission's members would not be appointed pursuant to the Appointments Clause of the Constitution.

The duties of the Commission go beyond the celebration of the bicentennial of the Democratic party. For example, Section 6(2) gives the Commission broad authority to "oversee the planning and development of all events, activities, and studies that are organized to commemorate the establishment and development of political parties in the United States." This authority would apparently extend to wholly private endeavors on behalf of political parties other than the one singled out by S. 2047, and other privately funded and organized studies of the democratic process. In addition to the constitutional issues that this would raise, it is clear that a commission controlled by members of one political party should never be given any sort of Government-sanctioned authority over the activities of other parties or of private citizens interested in the establishment and development of political parties in the United States.

The bill would recognize 1792 as the year in which the Democratic Party was established. That year is not generally recognized as the founding year of the party and the basis for such a claim is questionable. The date many textbooks and historians use is May 1832, when the first Democratic-Republican national convention took place. The name of the party did not evolve until May 6, 1840, during the party's third national convention.

In addition, the Administration is concerned about the expanding role of "soft money" contributions in Federal elections, and the potential for abuses inherent in this bill. S. 2047 would create a mechanism that would in effect lead to the raising and expending of money by one political party in an election year outside the provisions of the Federal Election Campaign Act and the implementing regulations of the Federal Election Commission.

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(SENT 3/30/92)

March 25, 1992
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2342 - Mississippi Sioux Indian Judgment Fund Act Amendment (Daschle (D) South Dakota)

The Administration strongly opposes Senate passage of S. 2342. This bill would grant to three Mississippi Sioux Indian Tribes an ad hoc legislative waiver of the statute of limitations so they could bring an otherwise time-barred challenge to the 1972 Mississippi Sioux Indian Judgment Act. If S. 2342 is presented to the President, the Attorney General will recommend that the President veto the bill.

The 1972 Act apportioned to the three Mississippi Sioux Indian Tribes, and to an undetermined number of Sioux Indians who are not members of those Tribes, a percentage share of the proceeds from a 1967 judgment against the United States. The judgment rested on a finding that the United States had not paid adequate compensation to the Tribes in the 1860s for lands ceded to the United States. (The non-member Indians are descendants of Indians who were members of the Tribes in the 1860s.)

The Tribes were active participants in the legislative process leading to the 1972 Act, and they endorsed the Act's distribution of the judgment. Nonetheless, in 1987, 15 years after enactment and nine years after the statute of limitations had run, the Tribes challenged the distribution of funds to the non-members. The Ninth Circuit Court of Appeals affirmed a lower court's decision to dismiss the case, finding no excuse -- legal, equitable, or otherwise -- for the Tribes' failure to challenge the 1972 Act in a timely fashion. The U.S. Supreme Court declined to review the Ninth Circuit's decision.

There are no extraordinary circumstances or equities to justify an exception to the Administration's policy against ad hoc statute of limitations waivers. Moreover, a waiver would mean the waste of the considerable judicial and litigation resources that have already been expended in bringing this case to a final resolution. As indicated by Executive Order 12778, the Administration is resolved to eliminate unnecessary, wasteful litigation. In keeping with that resolve, the Attorney General, beginning with this bill, will recommend that the President veto special bills that waive statutes of limitation or otherwise provide special jurisdictional treatment in the absence of extraordinary circumstances.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 25, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2399 - Appropriations Category Reform Act of 1992
(Sasser (D) Tennessee and 47 others)

If S. 2399 were presented to the President in its current form, his senior advisers would recommend a veto.

S. 2399 seeks to raise the legal cap on domestic discretionary spending by allowing the use of defense resources for this purpose. By so doing, it creates a political incentive to cut defense beyond the 30 percent cut that the President has recommended -- and thereby threatens to put U.S. national security interests at risk.

The President has recommended that defense savings not be used to increase spending. If Congress were to abandon the mutually-agreed discipline of the Budget Enforcement Act (BEA), it could trouble financial markets, cause interest rates to rise, and thus prove counter-productive. That is, it could slow recovery and threaten job-creation.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 5, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2403 -- RESCISSION BILL, FY 1992
(Sponsor: Byrd (D), West Virginia)

This Statement of Administration Policy provides the Administration's views on S. 2403, the rescission bill, as approved by the Appropriations Committee. For the reasons discussed below, the President's senior advisers would recommend veto of the substitute to S. 2403 reported by the Committee on April 30th.

In an effort to reduce wasteful spending, the President recently proposed 224 rescission items totaling \$7,879 million. While the Appropriations Committee's Bill exceeds the total level of rescissions proposed, it is the Administration's view that the Committee has taken an unnecessary, undesirable, and unproductive approach by targeting cuts in critical strategic and other defense programs.

In particular, the Administration strongly objects to the rescissions of: \$1.3 billion for the Strategic Defense Initiative; \$1.0 billion for the B-2; \$0.18 billion for the National Aerospace Plane and National Launch System; and about \$0.4 billion for unidentified classified programs.

The President proposed over \$7 billion in defense rescissions by identifying those programs that are no longer needed as a result of changes in the external threat to national security. Cutting critical programs is not a viable alternative to eliminating unnecessary programs such as the Seawolf Submarine, M-1 tank conversion, F-14 aircraft modifications, and reducing unnecessary National Guard and Reserve Equipment funding. In addition, the Administration has not had an opportunity to review the Classified Annex for the classified programs and strongly objects to language that would incorporate the Annex by reference.

The Committee approved only \$12 million of the \$737 million in domestic program reductions proposed by the President, and substituted what the Administration believes is a gimmick. The Administration strongly opposes the \$743 million rescission of section 8 certificate amendments because it would not result in any decrease in Federal spending. Instead, the rescission would only increase the unfunded liabilities for these long-term

subsidies. The funds for these section 8 amendments are needed to cover the long-term requirements of subsidized rental housing contracts.

FY 1992 appropriations for International Affairs programs have already been cut substantially more in percentage terms than either domestic or defense programs, relative to the spending limits in the Budget Enforcement Act. Funding for foreign assistance is especially constrained under the Continuing Resolution and because of reprogramming of existing funds to the former Soviet Republics. The Administration believes that most of the reductions identified by the Committee would adversely affect the Administration's ability to support important foreign policy objectives.



STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2733 - Federal Housing Enterprises Regulatory Reform Act of 1992 (Riegle (D) Michigan)

The Administration has consistently supported legislation to ensure the financial safety and soundness of Government-sponsored Enterprises (GSEs). Many provisions of S. 2733 are consistent with this goal. However, some provisions limit unacceptably the President's authority to oversee the regulatory framework that the bill would establish. The Managers' amendment includes provisions that would remove or modify acceptably some of these provisions. (The Administration's concerns with these provisions are addressed in the Justice Department's April 7th letter to the Banking Committee. The Department indicated that the Attorney General would recommend a veto of S. 2733 if it were presented to the President in its current form.) If these Managers' amendment provisions are adopted, the Administration will support Senate passage of S. 2733, and seek to resolve its remaining objections to the bill in conference.

The Administration continues to oppose provisions of S. 2733 that make it inconsistent with the following three principles:

(1) establishing a strong capital standard that includes appropriate risk-based measures; (2) authorizing the Director of the Office of Federal Housing Enterprise Oversight (OFHEO) to take prompt and effective enforcement actions to ensure both safe operation of the enterprises and compliance with statutory housing requirements; and (3) ensuring that the current general regulatory authority of the Secretary of Housing and Urban Development (HUD) over the housing GSEs is not eroded. The Administration will continue to work with Congress to improve the bill consistent with these principles as described below.

Capital Standards

- o Strengthen the capital standards by including all off-balance sheet commitments in the minimum and critical capital ratios. The GSEs' own financial statements recognize that commitments are clearly a risk. They are included in the stress test established by the bill. They should be included in the leverage ratios, particularly in light of the delay in considering new business in the stress test.

- o Allow the OFHEO Director the flexibility to choose appropriate business assumptions when implementing the risk-based stress test. In particular, the Director should be permitted to assume that the GSEs' behavior will be consistent with the requirement in their charters that they provide stability and ongoing assistance to the secondary market.

Enforcement Authority

- o Strengthen the ability of the Director to ensure that the GSEs comply with their housing goals. The Director should have broader cease-and-desist and civil penalty authority. This will provide a stronger incentive for GSEs to submit acceptable affordable housing plans.
- o Remove provisions requiring excessive process before the Director can act to enforce housing requirements. In its current form, S. 2733 would allow a GSE three or more hearings after failing to meet a housing goal.
- o Eliminate excessive requirements for administrative hearings and provide a more flexible standard for institution of cease-and-desist proceedings. For example, a GSE should not be entitled to hearings both for a capital reclassification and for supervisory actions taken as a result of the reclassification. The standards of judicial review should be limited to determining whether the Director's decisions were "arbitrary or capricious."

HUD's General Regulatory Authority

- o Restore HUD's general regulatory authority to ensure that the purposes of the GSEs' charter acts are carried out. Without general regulatory authority, S. 2733 does not provide sufficient regulatory flexibility to react to unforeseen conditions. It also undermines HUD's authority to approve underwriting guidelines for compliance with anti-discrimination and equal employment requirements. As written, it could result in challenges to HUD's authority to obtain information required for general oversight of GSE activities.
- o Strengthen the standard of review for new programs. In S. 2733 a new program request can generally be denied during the transition period only if the OFHEO Director finds that "the program would risk significant deterioration of the financial condition of the enterprise." The Director should be able to turn down

a risk-filled new program without finding that it threatens to bankrupt the enterprise. The Secretary must not be required to approve a program simply because it would provide for an increase in housing finance by the GSEs without regard for other public concerns, including private capital markets. The GSEs should not be authorized to provide advances secured by mortgages in competition with the Federal Home Loan Banks.

Affordable Housing and Other Issues

- o Allow the Director the flexibility to lower the rent standard for family income. The 30 percent standard contained in the bill would result in 97 percent of all rental units qualifying as low- or moderate-income housing.
- o Allow family-size adjustments for owner-occupied properties. This will allow the needs of families with children to be addressed.
- o Change the effective date of the bill to the date of enactment, not when the Director of OFHEO is appointed. The bill requires activities, including the development of regulations, as soon as it is enacted. It does not, however, permit the regulator to charge the GSEs the cost of regulation until after the OFHEO Director is appointed.
- o Remove the provisions of the bill exempting the OFHEO from the civil service pay scale. Because the OFHEO would be a division of HUD, its employees should be included in the civil service compensation structure.

Pay-As-You-Go Scoring

The Omnibus Budget Reconciliation Act (OBRA) requires that all revenue and direct spending legislation meet a pay-as-you-go requirement. That is, no such bill should result in an increase in the deficit; and if it does, it will trigger a sequester if it is not fully offset. The Office of Management and Budget estimates that this bill will have a net zero PAYGO effect. Thus, considered alone, this bill meets the PAYGO requirement of OBRA.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 9, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S.2734 - Water Resources Development Act of 1992
(Burdick (D) ND)

S. 2734 incorporates a number of Administration proposals, including new project and project modification authorizations, revenue enhancement provisions, and several new programs. The bill, however, would also duplicate on-going Federal programs and violate the established principles and standards affecting the authorization of water resources projects. Unless the provisions listed below are deleted or amended satisfactorily, the Secretary of the Army will recommend that the President veto S. 2734.

- Projects and project-related activity that are not consistent with: (1) the prescribed cost-sharing principles established under the Water Resources Development Act of 1986, (2) either the responsibility of the Federal government or the mission of the Army Corps of Engineers, and (3) the established criteria for economic, engineering, and environmental feasibility.
- The combined sewer overflow demonstration program and the environmental infrastructure assistance program. S. 2734 would authorize \$3.25 billion for these two programs, both of which would duplicate, in many respects, on-going Federal programs to enhance the nation's environmental infrastructure.
- The "National Contaminated Sediment Assessment and Management Act", which would impose new, unreasonable sediment quality standards for all dredging and disposal activities. The Act would establish procedures and standards that are, at this time, wholly inappropriate for regulatory use; create conflicting regulatory priorities between different statutes; and add burdensome new permitting requirements. These problems will undermine the economic health of the nation's ports and could result in the loss of trade and transportation-related jobs.

The Administration urges the Senate to adopt S. 2500, the Administration's proposal, rather than enact S. 2734.

PAYGO Scoring

S. 2734 would increase Federal receipts and is, therefore, subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1991 (OBRA). OMB's preliminary scoring estimates of this bill are presented in the table below. Final scoring of this legislation may deviate from these estimates. If S. 2734 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

Estimates For Pay-As-You-Go
(\$ in millions)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1993-97</u>
Receipts	26	21	21	21	21	110

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 9/10/92)

September 8, 1992
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 2833 - Crow Settlement Act
(Baucus (D) MT and Burns (R) MT)

S. 2833 would provide compensation in excess of \$300 million to settle the otherwise time-barred land claims of the Crow Indian Tribe of Montana. If S. 2833 is presented to the President, the Attorney General and the Secretary of the Interior would recommend that he veto the bill.

An 1891 survey, which established the boundaries of the Tribe's reservation, inadvertently excluded approximately 36,000 acres. The Tribe properly filed other pre-1946 claims pursuant to the 1946 Indian Claims Commission Act and could have filed one concerning the 36,000 acres. However, the Tribe, evidently aware of the survey error, did not do so. In 1961, despite the 1946 Act's prohibition from bringing this claim in subsequent forums, the Tribe unsuccessfully sought compensation from Congress. In 1986, after all applicable statutes of limitations had expired, the Tribe filed suit against the United States for the land's value, lost rentals, and other profits.

The Crow Indian Tribe has consistently brought this claim in a manner contrary to the 1946 Act and for an amount inconsistent with the Act's compensation formula. There are no extraordinary circumstances to justify such excessive, gratuitous compensation. Furthermore, to award compensation to the Crow despite their failure to raise this claim in a timely and appropriate fashion would undermine the very purpose of the process. It would also establish an unacceptable precedent allowing currently barred claims to be revived through legislative requests for additional compensation.

The Administration, notwithstanding its opposition to S. 2833, remains willing to negotiate an equitable resolution of the Crow Indian Reservation boundary.

Scoring for the Purpose of PAYGO and Discretionary Caps

S. 2833 would increase direct spending and reduce receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act (OBRA). No offsets are provided in the bill. A budget point of order applies in the

House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against S. 2833, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimate of the bill is that it would increase the deficit by a total of \$2 million over Fiscal Years 1993-1997. Final scoring of this legislation may deviate from these estimates. If S. 2833 were enacted, final OMB scoring estimates would be published within five days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(F)

July 27, 1992 (SENT)
(Senate Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

**S. 3026 -- DEPARTMENTS OF COMMERCE, JUSTICE, AND
STATE, THE JUDICIARY, AND RELATED AGENCIES
APPROPRIATIONS BILL, FY 1993**

(Sponsors: Byrd (D), West Virginia; Hollings (D), South Carolina)

This Statement of Administration Policy expresses the Administration's views on the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, as reported by the Senate Committee.

Legal Services Corporation

The Administration strongly opposes language in Title IV and the General Provisions of the bill requiring that funds appropriated for the Legal Services Corporation (LSC) shall be subject to the provisions of S. 2870, the LSC re-authorization bill, as reported by the Labor and Human Resources Committee. The re-authorization bill is the subject of a senior advisers veto threat.

This appropriations bill attempts to address concerns about abortion-related activities. Although it does so by inserting current appropriations rider language restricting the use of LSC funds in litigation related to abortion, it represents a substantial step backwards from restrictions on abortion-related activity contained in current authorizing law. In effect, S. 3026, by incorporating S. 2870, would allow LSC recipients to engage in abortion-related activity which is currently prohibited. The Administration believes this approach is fundamentally flawed.

Funding for LSC from non-Federal sources is growing rapidly, to the point that it could easily surpass Federal support. By not applying restrictions to these other sources of funding, current appropriations language is inadequate. It is virtually impossible to overcome the obstacles of cross-subsidization of abortion-related activities by non-appropriated LSC funds and the reality that these activities are being carried out under the imprimatur of a Federal Program.

S. 2870 currently fails to address the very serious concerns of the Administration with respect to: (1) the constitutionality

of the Corporation's structure; (2) inadequate restrictions on lobbying; (3) lack of competitive bidding for grants; and (4) undue restrictions on the Corporation's ability to monitor grantees' use of funds.

Federal Communications Commission (FCC)

The Administration strongly opposes section 611, which would restrict the Federal Communications Commission's discretion in awarding licenses for use of the radio spectrum. This restriction would be an unwarranted intrusion into the FCC's responsibility for spectrum allocation, and would simply protect the interests of one user of the radio spectrum over the broader interests of spectrum users in general. The telecommunications industry is rapidly developing new products and uses. The Committee's action would impede the ability of the FCC to accommodate these developments and cost the economy billions of dollars.

If this appropriations bill were presented to the President without addressing the LSC and FCC concerns discussed above, the President's senior advisers would recommend that he veto the bill.

Budget Enforcement Act Issues

OMB has preliminarily classified as domestic spending several of the programs in the bill that the Committee has assumed to be defense spending. These include programs in the National Institute of Standards and Technology (\$109 million), the Economic Development Administration (\$80 million), and the Small Business Administration (\$40 million).

In addition, OMB is reviewing the Committee's classification of \$162 million for FBI special programs as entirely defense. Until our review is complete, OMB has preliminarily classified as defense only the \$80 million that was requested for these special programs.

Budget Priorities

The overall funding levels and mix provided by the Committee are a substantial improvement over the House Committee bill, especially given the constraints of the 602(b) allocation. The Administration is particularly pleased, notwithstanding several exceptions, with the funding levels for the Department of Justice. The Administration also supports the increases provided for the International Trade Administration.

The Administration is concerned, however, that funding is provided for several programs whose missions have been completed, or whose objectives are no longer critical, while funding is reduced for programs that are especially pertinent to the problems of today. Funding levels that the Administration believes could be reduced include those for the Economic Development Administration, Public Telecommunications facilities

grants, unnecessary weather programs, some Small Business Administration programs, and the Ready Reserve Force.

At the same time that the programs noted above are funded at levels in excess of the request, other important programs are under-funded, including the following:

- o Economics Statistics Initiative. The Committee has provided \$67 million less than the request. This reduction would undermine the quality of the nation's most vital measures of domestic and international economic performance, including advance preparation for the next decennial census.
- o United States Trade Representative. The Committee has reduced funding for the Office of the United States Trade Representative below the FY 1992 enacted level. This reduction would be made at a time when the workload of the Office is increasing.
- o Department of Justice. The Committee has provided limited resources for the Department of Justice to handle a substantial growth in the number of Federal detainees. In addition, the request for the high priority Organized Crime Drug Enforcement Task Force program has been reduced by almost \$30 million.

The Administration objects to the provision that would allow the transfer of up to \$32 million from the Justice Department's General Administration account to the Equal Employment Opportunity Commission (EEOC). The Administration appreciates the Committee's effort to provide full funding for the EEOC. Full funding is necessary for the EEOC to carry out its new mission of enforcing the Americans with Disabilities Act and the new Civil Rights Act. However, any transfer to EEOC would require Justice to reduce its FY 1993 activity below current levels. Transferring the full \$32 million to the EEOC would result in a 27-percent reduction below the President's request for General Administration.

International Programs

The Administration commends the Committee for continuing to fund fully the United States contribution to the United Nations, including peacekeeping activities and other international organizations. However, the Administration objects to the Committee's \$30 million reduction from the President's request for Salaries and expenses for the Department of State. This reduction, combined with specified earmarks, including \$30 million for international environmental cooperation, would hamper the Department's ability to cover growing operational demands.

The Administration also objects to section 608 which would prevent the Department of State from withholding services (e.g.,

communications) from the Departments of Justice and Commerce for lack of reimbursement. This action would undermine the Department's cost-sharing system and would risk major disruptions in operations overseas.

Finally, the Administration opposes several "Buy American" provisions in the bill. For example, the bill would preclude the purchase or lease from a foreign source of a super-computer for the National Meteorological Center. Similarly, the bill would restrict the purchase of ships for the Ready Reserve Force to United States-registered ships. These provisions could undermine international negotiations in which the U.S. is seeking to increase procurement opportunities for U.S. firms in foreign markets.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

(SENT 9/25/92)
September 18, 1992
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 3095 - Jena Band of Choctaws of Louisiana Restoration Act (Sen. Johnston (D) Louisiana)

If S. 3095 is presented to the President, the Secretary of the Interior would recommend that he veto the bill.

Based upon the erroneous presumption that the United States once recognized the Jena Band of Choctaw Indians, S. 3095 would purportedly restore the Band as a federally recognized tribe. The United States, however, has neither recognized the Band nor committed any act that the Band may construe as official recognition. Inasmuch as restoration of a native American group as a federally-recognized Indian tribe is predicated upon past recognition by the United States, the Band cannot be restored.

Thus, the bill would inappropriately provide statutory acknowledgment of the Band, thereby circumventing the established Federal acknowledgment process. To do so would erroneously acknowledge the Band and entitle it to numerous Federal programs and benefits. Statutory recognition is unfair to all other groups seeking Federal acknowledgment and undermines the administrative process designed to eliminate the need for ad hoc legislative determinations.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 7, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 3114 - National Defense Authorization Act
for Fiscal Year 1993
(Nunn (D) GA)

S. 3114, as reported by the Committee on Armed Services, fails to conform to the President's defense priorities. The Administration urges the Senate to amend the bill to make it consistent with the President's program.

The Administration strongly opposes the bill's provision that would allow abortions on demand to be performed at overseas U.S. military facilities in cases other than when the life of the mother is endangered. If S. 3114 were presented to the President with this provision, the President's senior advisers would recommend a veto.

S. 3114 would authorize FY 1993 appropriations of \$274.5 billion for national defense, \$6.5 billion less than the President's request. Of particular concern, the bill would:

- Authorize only \$4.2 billion for research and development for the Strategic Defense Initiative (SDI), approximately \$1.1 billion less than requested. This cut would delay initial deployment of strategic defenses. S. 3114 would authorize only \$350 million of the \$576 million request for space-based interceptor development. This would severely restrain implementation of the global element of the President's proposal for ballistic missile defense, despite the 1991 Missile Defense Act requirement of "robust funding." The Administration urges the Senate to authorize the program at the level requested in the President's Budget. Moreover, the Administration would strongly object to any amendment which would further cut the SDI program. Unless the bill resulting from Conference sustains our ability to pursue global missile defenses consistent with the Missile Defense Act, the President's senior advisers would recommend a veto.
- Authorize \$81.7 billion for Operation and Maintenance, approximately \$4.2 billion less than requested. A cut of this magnitude cannot be achieved by reducing supply purchases and overhead activities without harming troop readiness. The Department of Defense (DOD) is reducing inventory levels and overhead costs. The proposed

reductions would disrupt current operations and lead to reduced levels of needed supplies.

- Authorize only four of the eight C-17 aircraft requested, which are needed to modernize the strategic airlift fleet, and impose numerous reporting and other requirements that could disrupt the C-17 program.
- Reduce the authorization for intelligence programs by over \$1 billion. The Administration would strongly object to any amendment that would further cut funding for intelligence activities.
- Delete the Administration's request of \$443 million for the Army's RAH-66 helicopter, which is needed to replace the Army's aging fleet of helicopters.
- Delete the Administration's request of \$175 million for the National Aerospace Plane.
- Require competitive prototyping of the AX aircraft, which would be costly and needlessly delay the program. Moreover, the bill would authorize only \$50 million of the \$166 million of the research and development funding requested.
- Cut procurement of the 48 F/A-18C/D aircraft requested by 50 percent. The bill would also reduce development funding by \$190 million from the request of \$1.1 billion for an improved version of the aircraft. This would slow needed modernization of naval aircraft.
- Terminate procurement of the requested 24 F-16 aircraft which are needed to fully modernize the Air Force.

Moreover, S. 3114 would authorize unrequested programs at the expense of high priority programs. Specifically, the bill would add:

- \$630 million for unrequested Guard and Reserve equipment, as well as authorize Guard and Reserve personnel levels that are 100,555 higher than those requested by the Administration.
- Dental and other health care benefits for Department of Defense beneficiaries. Any significant changes in health care benefits should be considered in the health care study required by the FY 1992 Defense Authorization Act.
- More than \$800 million for unrequested aircraft programs.

-- \$1.2 billion for one LHD-1 amphibious assault ship.

In addition, the bill includes provisions which would purportedly promote the development of a privately owned U.S. flag merchant fleet. These provisions, however, eliminate the Cargo Preference Act of 1904, take a narrower approach to maritime reform than the Administration's proposal, and could increase DOD's costs of transporting cargo without benefiting the U.S. merchant shipping industry as a whole.

Furthermore, the bill would authorize \$1.2 billion for economic assistance programs that are unnecessary or could be accomplished more effectively if the Administration's Defense Adjustment Assistance proposals were enacted. Many of these programs may be inappropriate for funding with national defense funds. The most troublesome provisions would:

- Authorize \$200 million for the Economic Development Administration (EDA) and the Department of Labor (DOL). Most of the funds provided to EDA and DOL in FY 1991 have not been obligated and additional funds are not required.
- Authorize early retirement for active duty personnel with 15 to 20 years of service and permit accrual of retirement credit for work in certain occupations. These provisions would reduce the appeal of current voluntary separation incentives, increasing involuntary separations and the cost of military retirement.
- Authorize early retirement and separation incentives for Reservists in order to facilitate strength reductions. The bill also provides GI Bill and other benefits to Reservists who are involuntarily separated due to force reductions. These provisions are expensive and unwarranted considering that Reservists have other full-time employment.
- Authorize over \$600 million for defense industry conversion projects. These projects are of questionable effectiveness and have little relevance in National Security objectives.
- Mandate a toll-free telephone service at the Office of Personnel Management (OPM) for job applicants. The estimated annual cost would be \$10 million, which would force major program cuts at OPM with little benefit to displaced Defense employees.
- Continue the government premium contribution for Federal Employees Health Benefits (FEHB) coverage for involuntarily separated civilian Defense employees for up to 18 months. This would set an undesirable precedent for other government agencies and the private sector.

- Allow certain former active duty military personnel and their dependents to enroll in the FEHB and, in certain cases, receive a government premium contribution for up to 18 months. This would disrupt and destabilize an already troubled program. Existing Defense health benefits programs make these costly new benefits unnecessary.

The Administration urges the Senate to delete these unnecessary and costly provisions and enact the Administration's Defense Adjustment Assistance plan.

S. 3114 contains other objectionable provisions that would either impede cost-saving initiatives, impose cumbersome requirements affecting departmental operations, or affect our ability to meet international arms control commitments. The most significant would:

- Fail to approve the Administration's National Defense Sealift Fund, which would establish a more effective mechanism for financing the acquisition of needed sealift. The bill would cut the Sealift authorization request by \$976 million.
- Establish an unnecessary National Defense Center for Analysis of the Technology and Industrial Base.
- Reduce by \$25 million Defense drug interdiction funding to increase funding for drug demand reduction programs.
- Extend the chemical stockpile elimination deadline to December 31, 2004, which would preclude the United States from meeting its obligations under the Chemical Weapons Convention.

The Administration would strongly object to any provision or amendment, which would:

- Prohibit foreign government-owned firms from buying certain U.S. defense companies. This is contrary to U.S. policy on international investment. Furthermore, the Exon-Florio provision of the Trade Act of 1988 already provides the President with authority to deal with any threats to national security that might be posed by foreign investment.
- Require Defense contractors to continue certain employee benefits for displaced contractor employees, a burden not imposed on non-defense companies.
- Fund Defense Medical programs from the Medicare Trust Fund.

As the review of S. 3114 continues, the Administration may propose additional amendments to the bill.

Scoring for the Purpose of PAYGO and Discretionary Caps

S. 3114 would increase direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act. No offsets to the direct spending increases are provided in the bill. A budget point of order applies in the House and Senate against any bill that is not fully offset under CBO scoring. If, contrary to the Administration's recommendation, the Senate waives any such point of order that applies against S. 3114, the effects of enactment of this legislation would be included in the look back pay-as-you-go sequester report at the end of the congressional session.

OMB's preliminary scoring estimates of this bill are being prepared. If S. 3114 were enacted, final OMB scoring estimates would be published within 5 days of enactment, as required by OBRA. The cumulative effects of all enacted legislation on direct spending will be issued in monthly reports transmitted to Congress.

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September 25, 1992 (SENT)
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 3131 - Independent Counsel Reauthorization

Act of 1992

(Levin (D) MI and 2 others)

If S. 3131 is presented to the President in its current form, his senior advisers will recommend a veto because:

- Independent counsels appointed under the current Act are, for all practical purposes, completely unaccountable in their exercise of prosecutorial power. Unlike Department of Justice prosecutors, independent counsels are not bound by many of the traditional checks on the exercise of that important power.
- Although the bill would address some particular abuses, independent counsels would still not be subject to certain basic financial and budgetary controls imposed on other governmental entities.
- The reporting requirements in the current Act and the additional extrajudicial commentary they invite are inconsistent with the Department of Justice's guidelines for prosecutors, which generally prohibit release of information regarding investigations and prosecutions. These guidelines provide a very important protection to the reputation of innocent persons.
- The independent counsel statute is unnecessary to ensure that alleged misconduct by high-ranking Executive branch officials is appropriately investigated and prosecuted. History demonstrates that the Department of Justice is fully capable of performing this function.
- S. 3131 does not treat alleged wrongdoing by Members of Congress and their senior campaign officials in a manner parallel to alleged wrongdoing by senior Executive branch officers and campaign officials. The President stated on April 3, 1992, that he will veto any bill that continues to extend special treatment to Members of Congress.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 2, 1992 (SENT)
(House)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 3144 - Military Health Care Initiatives Act of 1992
(Nunn (D) GA)

If S. 3144 were presented to the President in its current form, the President's senior advisers would recommend a veto.

S. 3144 would substantially change Federal policy with respect to abortion. The bill would allow abortions on demand to be performed at overseas U.S. military facilities in cases other than when the life of the mother is endangered.

Abortion is a deeply emotional issue. It is made even more difficult when the underlying issue is whether the Government -- and ultimately the American taxpayer -- should pay for abortions and under what circumstances. Since 1981, the Federal Government has determined that taxpayer funds should be used for abortion in only the most narrow of circumstances: when the life of the mother is endangered.

The President has repeatedly voiced his strong view that such a policy should continue and that any attempt to weaken current abortion policy would warrant a veto.

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